

Mubarak and Kuwait

Page 3

THE JERUSALEM POST

Vol. LV, No. 16666 Thursday, October 29, 1987 • Heshvan 6, 5748 • Rabi'at Awa 8, 1408 NIS 1.05 (Est. NIS 6.90)

Ida Nudel's warning

Page 4

SECOND EDITION



Israeli soldiers take cover during yesterday's protest at Bethlehem University.

(Scoop 80)

Teheran warns about closing Straits of Hormuz

NICOSIA (Reuters). — Iran said yesterday that it might close the Straits of Hormuz, gateway to the Gulf, if an effective economic embargo is imposed on Teheran.

Teheran Radio quoted President Ali Khamenei as saying: "They have threatened us with economic embargo by western countries. But we are not frightened by such things."

"The day we feel no ship enters this passageway (Hormuz) for us, we will not allow any ship to enter the Persian Gulf." (Earlier story page 3)

SLA troops kill 5 gunmen near border

By DAVID RUDGE
Jerusalem Post Reporter

ROSH HANKIRA. — Five gunmen were killed by South Lebanese Army troops operating outside the perimeter of the security zone in South Lebanon yesterday morning, SLA sources reported.

One of the SLA soldiers was killed and another wounded in the gun battle. The wounded soldier was later transferred to hospital.

The SLA troops returned fire. Later, they entered Malia and Lutzah and searched the villages where they discovered a large quantity of arms and ammunition.

OC Northern Command Aluf Yossi Peled expressed satisfaction with the performance of the SLA troops.

The IDF has made a great effort in the past few months to improve training courses for SLA troops and to prepare them for joint security operations in the zone and along the border.

As a result the SLA troops have intensified patrols and initiated operations against terrorist bases, as well as areas used for firing rockets at SLA strongholds and villages inside the security zone.

Overall, the number of attacks against IDF and SLA targets in the zone has dropped by half since the beginning of the year compared with the same period last year, according to defence sources.

Meanwhile, the IDF's Engineering Corps has completed a major project establishing new fortified strongholds for the IDF and the SLA and re-inforcing existing positions. The Engineering Corps is in the final stages of renovating dilapidated roads in the zone and other activities in preparation for winter.

Operation saves 30-hour-old baby with rare defect

Jerusalem Post Reporter

HAIFA. — A 30-hour-old baby boy, born with a serious atresia of the intestine, has been successfully operated on at Rambam Hospital here. The child is recovering from the multiple operation, performed six weeks ago, the hospital spokesman announced yesterday.

The infant, weighing 2.2 kg., was born at Poriya Hospital near Tiberias. When his post-natal intestinal blockage was diagnosed, he was rushed to Rambam's child surgery ward, where he was found to be suffering from a rare atresia.

Instead of the usual 2.5 metres of intestine, he had a series of pieces, one to five cm. long, unconnected to each other.

The surgeons made six fusions to create a 30-cm. intestine, a marginal length sufficient to keep the baby alive on intravenous feeding.

A week after the operation he had recovered sufficiently to digest his food, and the surgeons are optimistic that the intestine will in time adapt itself to normal feeding.

They said this was the second known case of a surgical correction of the rare defect which the patient survived.

Student wounded in violent protest at Bethlehem Univ.

By JOEL GREENBERG
Jerusalem Post Reporter

BETHLEHEM. — A Bethlehem University student was critically wounded in the head by an IDF sniper when troops broke up a violent protest at the campus yesterday. Late last night military authorities ordered the university to close down for three months.

Isaac Abu Srur, 21, a fourth-year English student from the Aida refugee camp near Bethlehem, was reported unconscious in the neurological department of Hadassah Hospital, Ein Karem. He was to have been operated on last night.

A woman student, Rodayna al-Ayasseh of the Dehaishe refugee camp, was taken to Makassed Hospital in East Jerusalem with a leg wound; and several other students were overcome by tear gas.

Preliminary army debriefings showed that Abu Srur was shot after an IDF force was caught in a mob of rioting students, military sources said. The soldiers fired two shots in the air to extricate themselves, and two further shots were fired from an 0.22 inch sniper rifle, under supervision of an officer.

The first shot was fired at the rioters' legs, and the second was aimed at Abu Srur. A further investigation of the incident is under way.

The sources said Abu Srur was one of the riot leaders, and had participated in previous disturbances, for which he had been held at the Far'a jail in the West Bank.

The campus protest began in the early morning with students hoisting a large Palestinian flag over a university building and smaller flags on poles. They collected stones, and built roadblocks of rocks, burning logs, and tar-filled barrels from a campus construction site.

As troops watched from checkpoints nearby, a small group of male and female students, their faces hid-

den by keffiyehs, ventured out of the campus and taunted the soldiers, flashing V-signs and chanting "With spirit and blood we shall redeem you, Palestine."

They hurled volleys of stones at troops standing near a neighbouring house. The roof of the house was damaged, and one of its windows was smashed. A student rolled a barrel at the troops, and, according to military sources, the students also hurled petrol bombs.

A detachment of helmeted Border Policemen then sprang up from behind a stone terrace and charged the students. One policeman fired rubber bullets at short range, and the students fled into the campus.

A column of Border Police ran along a campus wall, the leader fired several shots in the air, and lobbed a concussion grenade which went off inside the university compound with a loud bang. Some policemen threw stones.

A volley of tear-gas canisters was fired into the university. Students responded with a hail of stones, and tossed back some canisters, forcing troops to retreat.

A Border Police jeep, zigzagging around the roadblocks, roared up to the university. An IDF officer hopped out, fired several tear-gas canisters into the campus, and ordered journalists away. He shouted to onlookers in Arabic through the jeep's loudspeaker: "Curfew! Go home! I will shoot!"

After the clash, students gathered in the campus courtyard and sang nationalist songs. Hundreds of students left the campus in the late afternoon, after the army withdrew under an agreement between the military authorities and the university administration.

Elsewhere in the West Bank, a petrol bomb was thrown at a Border Police jeep in Ramallah, but there were no casualties and no damage was caused. The police arrested a suspect.

Difficult time for decision makers

Israel decision makers have the makings of a new crisis on their hands. The slump in the value of the dollar is very bad news for the many Israeli exporters who sell most of their goods to the United States, or get their earnings in dollars.

If Jacques Delors the president of the European Community is right, and the dollar does fall to DM1.60, decision makers in Israel will face a

ANALYSIS

Avi Temkin

very difficult choice. They cannot be indifferent to the plight of these exporters—who are responsible for about a third to a half of Israel's exports. Many of them make the high-tech products upon which Israel hopes to base its industrial future.

Even before the current crisis they were facing difficulties, as the demand for their goods faltered and costs increased by much more than revenue. Now, it is their very existence which could be in danger. One solution that must be crossing the minds of the decision makers is a familiar formula: to devalue the shekel. However, this would be no solution at all if prices start rising immediately, or if workers fight against the wage erosion which such a step entails.

A devaluation will have to be accompanied by a severe cut in the budget, one which politicians are not likely to accept during an election year. Without such a cut, and without a commensurate cut in real wages there is little point in a devaluation.

Moreover, it would give exporters to the European markets a windfall gain on top of those they are enjoying due to the fall in the dollar's value. This has already meant a devaluation of the shekel against European currencies. Their workers will naturally rebel against a drop in real wages just as their employers are making larger profits.

The other solution would be simply to reduce wages in those industries which export to the dollar bloc. It will need the agreement of the unions and the workers. In the past the Histadrut has preferred to have across the board wage erosion caused by a devaluation rather than openly agree to reductions in real salaries. It is not clear whether it would agree now to this type of solution of wage cuts only in dollar-pegged industries.

Whatever the solution, it must be implemented immediately. Waiting will only fuel expectations about a devaluation. If the government refuses to decide, the public will decide for it.

Europeans fear further devaluation U.S. dollar slumps to seven-year low

NEW YORK (Reuters). — The dollar slumped yesterday to a seven-year low against the Deutschmark as coordinated central bank intervention failed to dispel trader fears that the once mighty U.S. currency is on a steep downward path.

The dollar shed over two pence from DM 1.7355 from Tuesday's New York close of 1.7575, while it lost over 2½ pence to 138.30 yen from Tuesday's 140.85.

Currency dealers in New York confirmed that the Federal Reserve intervened in the currency markets to buy dollars against the mark, yen and possibly the Swiss franc.

They said they believed the Fed began buying at 1.75 marks shortly after the dollar dropped below that level.

In Israel the official exchange rate for the dollar was set yesterday at NIS 1.5810, its lowest since the January 12 devaluation.

The dollar's slide came despite what West German Finance Minister Gerhard Stoltenberg said was a coordinated effort by central banks to buy dollars to support the U.S. currency.

The central banks of Japan, West Germany, Britain, Italy, and Switzerland all bought dollars earlier yesterday, market sources reported.

Wall Street's top stocks closed marginally higher as a falling dollar

and big losses in foreign markets contributed to a see-saw day.

The Dow Jones Industrial Average of blue-chip stocks closed 0.33 points higher at 1,846.82, according to unofficial tabulations. It fell 65 points in early trading before rebounding as high as 1,884.

But in the broader market, declining issues led advances throughout the day and finished ahead by a 9-5 margin.

Volume reached 281 million shares on the New York Stock Exchange in a session that ended two hours earlier than usual.

Meanwhile, on Wall Street, some dealers were upbeat.

"The market is looking very good. Maybe what we're seeing today is that the people that wanted to sell out have already done so," said market analyst Jon Groveman of Ladenburg Thalmann and Co.

Regarding the dollar's fall, European Community Commission president Jacques Delors said yesterday he thought the U.S. was prepared to let the dollar drop to 1.60 marks.

He told the European Community Commission that the dollar was now below 1.75 and added: "Let's not have any illusions. The Americans are prepared to let it fall to 1.60."

Soon after news of his remarks, the dollar slid to a new seven-year

low of 1.7310 marks in New York. It recovered somewhat, but only to around 1.7340, a little later.

The U.S. Treasury strongly denied Delors' remarks, saying that they did not reflect U.S. policy. This helped the dollar to rise from its low of 1.7310 to 1.7370.

"The dollar seems potentially on the brink of free fall," said Stephen Lewis, chief economist at the London securities house UBS/Phillips and Drew.

Stoltenberg confirmed that central banks coordinated intervention to buy dollars as the currency slid yesterday.

Most analysts and dealers said the dollar buying by central banks was meant to resist a disorderly decline, not to put a floor under the dollar.

Meanwhile, White House and congressional negotiators are seeking to cut the budget deficit to boost the battered confidence of financial markets after last week's stock market collapse.

Dealers cite the naggingly large U.S. trade and budget deficits and signs of recent disarray among the seven major industrial nations on their coordination of economic and exchange rate policies.

The British pound continued to inch higher in early afternoon trading, rising to \$1.7275 from Tuesday's close of 1.7040.

Arad denies favouring voluntary cut in aid

By WOLF BLITZER
Jerusalem Post Correspondent

WASHINGTON. — Israel's ambassador to the U.S., Moshe Arad, yesterday strongly denied that he favoured any voluntary cut in American foreign aid to Israel.

He was reacting to a report in *Davar* which said that he had proposed that Israel offer to take a reduced aid package from the United States in order to help ease the U.S. budget deficit.

In a statement released by his press spokesman here, Arad said the \$3 billion U.S. economic and military aid to Israel was part of a formally agreed American commitment.

He said that any reduction in that aid would hurt Israel, especially in the aftermath of Israel's very expensive and painful decision to scrap the Lavi fighter project.

Arad said he fully expects the U.S. to live up to its original aid commitment to Israel.

In Jerusalem, the Foreign Ministry spokesman yesterday denied me-

dia reports that Arad had proposed that Israel waive part of this year's American aid package.

At the moment, some of the \$1.2 billion economic and \$1.8 billion military package for Israel is being threatened because of the \$23 billion U.S. federal budget deficit projected for the 1988 fiscal year, which started on Oct. 1.

Under the mandatory Gramm-Rudman budget-cutting procedures, aid to Israel and other foreign countries could be reduced if the president and Congress cannot reach agreement in the coming weeks on a way to reduce the projected deficit.

Under existing law, failure to achieve an agreement could trigger an automatic cut in aid to Israel by as much as \$146 million.

Israeli officials, while anxiously awaiting the outcome of Reagan's talks with the Capitol Hill leadership, are hopeful but certainly not completely confident that an alternative to the Gramm-Rudman across-the-board "sequestering" provisions can be reached.

Israel will accept cut in U.S. aid if made--Nissim

By AVI TEMKIN
Post Economic Reporter

If the U.S. government decides to cut its foreign aid to Israel, the decision will be accepted, Finance Minister Moshe Nissim yesterday told the annual seminar of the Treasury's Budgets Department. But Nissim feels there is no reason for such a cut, he added.

Nissim said Defence Secretary Caspar Weinberger and Secretary of State George Shultz had formally pledged only a few months ago that Israel would continue to receive \$1.8 billion in annual military aid for the next two years.

The Israeli government would not voluntarily give up any part of the American foreign aid which Israel is entitled to, he said. It gets it by right, not by charity. Israel is a real strategic asset, possibly the only one the free world has in the Middle East, and it costs the U.S. much less than its expenditure in Nato, he added.

Maimon resigns for 'personal' reasons

Bar-Lev denies collapse in Prisons Service

By ANDY COURT
Police Minister Haim Bar-Lev yesterday announced the resignation of David Maimon, the second Prisons Service commissioner appointed during his term, but rejected the notion that the problems of the service are so great that no commissioner will be able to deal with them.

"There's no collapse occurring

here," Bar-Lev said during a press conference at the Police Ministry yesterday. "The service is grappling with a problem at a time when the means [of solving it] are limited."

He confirmed for the first time that Maimon has resigned from his job effective November 15. Maimon will be replaced by Levy Shaul, the police commander of the northern district.

Bar-Lev's last appointee, Rafi Suissa, resigned last year after a police controller's report charged him with improprieties and mismanagement.

Maimon resigned for "personal" reasons, Bar-Lev said, noting that he tried to convince him to reconsider his decision.

Bar-Lev's explanation is at odds with reports that Maimon quit in

frustration after months of effort to improve the situation in the prisons proved fruitless.

Bar-Lev rejected MK Mordechai Virshupski's call for a commission of inquiry into the problems of the Prisons Service. The commission would only suggest solutions that require money which is not available, Bar-Lev said.

(Continued on Page 2, Col. 1)

East J'lem electric company warned on complete takeover

By JOEL GREENBERG
Jerusalem Post Reporter

Energy Minister Moshe Shahal yesterday told officials of the Arab-owned Jerusalem District Electricity Company that his ministry is preparing a take-over of the firm's entire operations if no agreement is reached by the end of the year on reducing its concession.

The Knesset passed a bill on Monday under which the company's con-

cession would be extended until the year 2000, but would be reduced to exclude Jewish neighbourhoods and settlements in the West Bank which it currently serves. The JDEC board rejected the plan earlier this month.

Shahal told company chairman Hanna Nasser and board members that the ministry is "making all the preparations necessary to ensure power supply to Jewish and Arab communities

Dangerous, says Greenpeace spokesman

Nuclear-armed U.S. ships patrol Gulf

WASHINGTON. — Several U.S. ships now in the Gulf area are certain to be carrying nuclear weapons ranging from sea-launched Tomahawk cruise missiles to B-57 depth bombs, the author of a new study said yesterday.

William Arkin, author of *The Nuclear Arms Race at Sea*, said the aircraft carrier *Ranger*, now in the north Arabian Sea, normally carries B-43 and B-61 nuclear gravity bombs in addition to the B-57 depth bombs.

"All aircraft carriers are always nuclear-armed when they're at sea," Arkin, director of the national security programme at the Washington-based Institute for Policy Studies, told Reuters after presenting his study at a news conference.

A Pentagon spokesman, asked to comment, repeated the standard U.S. position: "We don't discuss the presence or absence of nuclear weapons aboard navy ships in any locations." According to Arkin, a total of 278 U.S. Navy ships and submarines are currently capable of firing nuclear weapons, including all aircraft carriers, battleships, cruisers

and destroyers, and some of the frigates and attack submarines.

Arkin, whose study was presented in support of a campaign by the environmental group Greenpeace to oppose what it calls "the naval nuclear arms race," said the presence of nuclear-armed ships in the area was dangerous even though their nuclear weapons are clearly not intended for use in the Gulf. He said nuclear-armed U.S. ships could become prime targets for Iranian attack if war broke out with the U.S.

"With nuclear-armed ships currently mobilized in the Persian Gulf and the Indian Ocean, a conventional conflict or the wrong spark during a crisis could set off a series of events that would activate strategies that will lead to nuclear war," Arkin said.

Arkin said the battleship *Missouri*, also in the north Arabian Sea to support a policy of escorting 11 Kuwaiti tankers re-registered under the U.S. flag since July, was equipped with Tomahawks, based on standard navy practice. The ammunition ship *Shasta*, part of the *Ranger* battle group, would also be

carrying nuclear weapons, including anti-submarine rockets and Terrier surface-to-air missiles, to be supplied to cruisers and destroyers in the event of hostilities, he said.

According to Arkin, the U.S. has the largest arsenal of naval nuclear weapons with 9,347. This is about 60 per cent of the total deployed by the five declared nuclear powers, he says. Naval weapons constituted 37 per cent of the U.S. nuclear stockpile.

Arkin said the Soviet Navy has about 5,400 naval nuclear warheads, which represents 36 per cent of its total nuclear stockpile, and 624 ships and submarines capable of firing nuclear torpedoes, missiles and rockets.

The Soviet ships capable of firing nuclear warheads include virtually all aircraft carriers, cruisers, destroyers and submarines, as well as some frigates and patrol combatants, according to the study.

The other three declared nuclear powers, Britain, France and China, have smaller but still substantial arsenals at sea.

U.S. Defence Department sources said the arrival in the Gulf

of five minesweepers on Tuesday and the start of force rotation has raised the total number of U.S. ships in the region to 40. The minesweepers *Estecm* and *Enhance* are ready to enter the Gulf and three others, the *Fearless*, *Illusive* and *Inflict*, are due to move into Gulf waters in the next several days.

The five ships — all more than 20 years old — arrived in the region in tow from ports in the United States after a voyage of more than a month. The minesweepers will complement a U.S. mine-hunting force consisting of RH-53D helicopters and smaller coastal boats.

The sources said that the destroyer *Kidd* and the frigates *Klarkring*, *Flatley* and *Hawes* had either left or were preparing to leave the Gulf. They are to be replaced on escort duty by the cruiser *Richmond*, *K. Turner* and the frigates *Gallery*, *Elrod* and *Carr*.

Most of the U.S. naval force are assigned to the aircraft carrier battle group led by the USS *Ranger* or to a surface battle group led by the battleship *Missouri*, both of which remain in the region outside of the Gulf proper. (Reuters, AFP)

Selling your house?



Hurry!
There are only a few hours left to place your classified ad for tomorrow's Luah Ma'ariv. Just take your ad to any advertising agency, or to an office of Ma'ariv (or call 03-439439) and it will run in Hebrew in that paper. Hand it in early enough to make sure it reaches the office of Luah Ma'ariv before 5 p.m. today and your ad will also appear in English in The Jerusalem Post. Beat that deadline!

The weather at major Swissair destinations

	MIN.	MAX.	
C	F	C	F
AMSTERDAM	7	16	Cloudy
BRUSSELS	7	17	Cloudy
BUDAPEST	14	17	Rain
CHICAGO	4	10	Cloudy
COPENHAGEN	4	10	Cloudy
FRANKFURT	9	16	Cloudy
GENEVA	11	18	Cloudy
HELSINKI	11	18	Cloudy
HONG KONG	22	28	Clear
JERUSALEM	14	27	Clear
LONDON	11	18	Cloudy
MADRID	11	22	Rain
MONTREAL	-4	26	Clear
NEW YORK	3	17	Rain
OSLO	6	16	Cloudy
PARIS	12	18	Cloudy
SAO PAULO	22	31	Cloudy
STOCKHOLM	1	12	Cloudy
TOKYO	13	21	Cloudy
TORONTO	-4	25	Clear
ZURICH	12	18	Cloudy

*For the latest weather conditions contact Swissair.
Tel Aviv: 1 Ben Yehuda St. Tel. 05-5102200.
Jerusalem: 33 Jaffa St. Tel. 02-231375.
New York: 200 West 100th St. Tel. 02-33333.
Geneva: 1200 Avenue de la Gare, Tel. 02-33333.
Cairo: Ben Mounir Airport, Tel. 02-712161.

swissair

THE WEATHER

Forecast: Rain can be expected in the north and centre of the country accompanied by occasional thunderstorms and strong winds. Floods may occur in low-lying areas.

Yesterday's	Yesterday's	Today's
Humidity	Min-Max	Max
Jerusalem	12-19	16
Golan	10-17	17
N. Taryia	16-25	22
S. and	10-16	13
Haifa Port	14-21	13
Tiberias	14-27	17
Nazareth	14-20	17
Afula	10-25	18
Shomron	11-21	18
Tel Aviv	16-24	21
B-G Airport	13-23	21
Jericho	13-27	21
Gaza	16-24	21
Beersheva	10-24	21
Eilat	18-30	27

SOCIAL & PERSONAL

Philip M. Klutznick, a distinguished Jewish leader and former U.S. secretary of commerce and ambassador to the UN, yesterday visited the Weizmann Institute of Science as the guest of its deputy president, Prof. Shmuel Shaltiel. Mr. Klutznick visited the laboratory of Prof. Giora Mikenberg, who will be the first incumbent of the Philip M. and Ethel Klutznick Scientific Research Endowment Fund, the establishment of which was announced at a recent Weizmann Institute dinner in Chicago that marked Mr. Klutznick's 80th birthday. He also met with Prof. Michael Feldman, incumbent of the Philip M. Klutznick Chair of Developmental Biology. The Klutznick visit concluded with a lunch hosted by Prof. Shaltiel.

PRISONS

(Continued from Page One)
Severe overcrowding exists because no new prisons have been built in the last 10 years and because the available space in minimum security prisons can not be used for hardcore criminals or security prisoners, Bar-Lev said.

Maimon's successor, Levy Shaul, is a 56-year-old Netanyahu resident with four children. As commander of the northern district, he earned praise for his positive relations with Arab communities in Galilee.

Bar-Lev said he believed Shaul had a sense of both the human side of prison life and the security aspects of running a prison.

"Rafi Suissa knew prisons well but he didn't have any real background in security," Bar-Lev said. "Maimon had an outstanding security background, but he didn't know the Prisons Service. Shaul has a very relevant background in both fields; he's no stranger to the system."

Asher Wallfish adds:
Maimon will get a load off his chest after his resignation takes effect on November 15.

He told the Knesset State Control Committee yesterday that he would call a press conference to announce what lay behind his decision to quit.

Until yesterday, there was no indication as to whether he was being dismissed or was resigning, and contradictory versions were circulating in different papers, and, in one case, even in the same paper.

Rosh Pinna postman gets efficiency prize

Jerusalem Post Reporter
Harvey Chyte, Rosh Pinna's only postman, will today receive the annual prize for efficiency from the postal system.
Chyte, 28, arrived in Israel from England as a youth. His mail route covers more than 20 kilometers each day. Rosh Pinna residents describe him as "more reliable than a clock."
Chyte is known to his superiors in the postal system as Rosh Pinna's private computer because he remembers practically everyone who has ever lived here.

RAMOT SHAPIRA EDUCATIONAL CENTER
and its President, Rabbi Dr. Ya'acov Vainstein heartily welcome
The Jewish Federation of Greater Fort Lauderdale Mission headed by Jacob and Peggy Brodzki and invite their friends to participate in the dedication of The BRODZKI Lecture Room which will take place tomorrow, Friday, October 30, at 11:30 a.m. at its campus at Moshav Beit Meir in the Judean Hills.
For information please call 02-668343, 02-662240 (evening)

HOME AND FOREIGN NEWS

Labour-Diaspora showdown over top WZO posts

By CHARLES HOFFMAN
Jerusalem Post Reporter

A war of nerves over who will be the next chairman of the World Zionist Organization and Jewish Agency is brewing between Diaspora fund-raisers and the Labour Party.

Labour sources said yesterday the party would stick by its candidate for WZO/Agency chairman, Akiva Lewinsky, who is now WZO/Agency treasurer. On Tuesday the Diaspora fund-raisers rejected his candidacy, together with Abraham Avihai of the Confederation of United Zionists. The fund-raisers, who run the agency together with the WZO, have the right to review WZO candidates for top agency posts.

Some Labour leaders, however, have begun to consider other candidates for chairman. Party figures whose names have surfaced include Economics Minister Gad Ya'acobi, former health minister Mordechai Gur, and Absorption Minister Ya'acov Tsur.

The name of Shimon Ravid, the former director-general of the agency's Finance Department, who worked under Lewinsky, has also been mentioned. Ravid left the agency recently to become director-general of Hevrat Ha'ovdim.

Labour Party secretary-general Uzi Baram met yesterday with Lewinsky and some of his supporters, who include leaders of the United Kibbutz Movement, one of the main power blocs in the party. Today Baram is expected to discuss the political situation resulting from Lewinsky's rejection at a meeting of the Labour Party bureau.

Sources in the fund-raisers' camp

said yesterday that by rejecting Lewinsky, they were trying to send a message to the Israeli political establishment that serious efforts should be made to come up with candidates who could meet "standards of excellence." The sources stressed that the Likud candidate for chairman, Science Minister Gideon Patt, was by no means assured of securing the approval of the fund-raisers.

The Lewinsky-Avihai package is part of a coalition deal for the Zionist Congress put together by Labour, which includes the Confederation, Mapam and the Reform and Conservative Zionist organizations. This deal angered the Likud by excluding them from the top WZO/Agency posts.

Some Labour leaders believe that a way can be found to keep Lewinsky by dumping Avihai. They believe that the veto was prompted mainly by opposition to Avihai, and that the fund-raisers would be willing to reconsider Lewinsky if he were presented alone.

This would also make it possible, as one Labour source suggested, to offer the post of treasurer to the Likud, while keeping Lewinsky as chairman. If the Likud were to accept, then all the parties in the WZO would present a united front to the fund-raisers on Lewinsky's candidacy.

The new chairman of the agency board of governors, Mendel Kaplan, said yesterday that he supported the veto of the Lewinsky-Avihai package. He noted, however, that the way in which this was done on Monday was "undignified and insensitive." Some Labour figures believe that Kaplan could be persuaded to hold another review of Lewinsky's candidacy.

Storm over tax reform brewing in Knesset

By DVORAH GETZLER
Post Knesset Reporter

The Knesset yesterday heard the rumblings of rows to come when an "internal" Treasury committee headed by Hebrew University Professor Eitan Sheshinsky submits its recommendations on tax reform. And the rows seem certain to be sparked by Social Affairs Minister Moshe Katsav.

He was answering a motion for the agenda by the Alignment's Ora Namir, chairman of the Knesset Labour and Welfare Committee, who said she feared for the continued independence of the National Insurance Institute. Katsav served notice that he would fight implementation of the recommendations if the rumours about them proved to be well founded.

At issue are reports that the committee will recommend doing away with child allowances paid by the NII, moving these allowances instead into the framework of wages and income tax, and that it also proposes taxing NII benefits.

The committee, Katsav noted, had been set up by the Treasury and not by the cabinet. Only the Treasury was committed to it, "not the government, and certainly not me."

The minister said he had a strong suspicion that the Sheshinsky committee had not paid sufficient attention

to the social implications of its recommendations, despite the appearance before it of his ministry's staffers. However, for the time being, Katsav was careful not to anger Finance Minister Moshe Nissim, whom Namir had attacked. The Treasury, Katsav insisted, had honored all its obligations to the NII, and had never dragged its feet in passing on the money it owed.

But he had no real answer for Namir's point that, following a change in the law which had been meant to bring down the manufacturers' labour costs by cutting their payments to the NII and compensating the institute from Treasury sources, Treasury contributions now made up 53 per cent of the NII's total receipts. That, said Namir, posed a real threat to the NII's independence in policy-making, and evidence of that was to be seen in the fewer allowances now being paid.

Katsav agreed with that point. The NII, he said, should not again be used as a tool for keeping labour costs down. He had opposed the move during discussions on the budget, and he continued to oppose it, but he had been voted down.

Namir's motion was referred back to the Social Affairs Committee of which she is chairman, and where the issue seems sure to provoke stormy discussion in the run-up to the elections.

Sloppy soldiers face jail without trial

By JOSHUA BRILLIANT
Post Defence Reporter

TEL AVIV.—Improperly dressed soldiers may be detained by the Military Police for up to 48 hours without trial, in what amounts to another attempt by Chief of General Staff Dan Shomron to instill discipline into the IDF.

According to the new orders, Military Police may arrest soldiers up to the rank of samal rishon (staff sergeant) who wear a combination of civilian and military clothes, dress and work uniforms, or sports shoes. Reservists who commit four minor dress infringements may be arrested on sight and jailed for 24 hours while regular soldiers may be jailed for 48 hours.

In the past, the Military Police have made spot checks and soldiers were tried according to regulations were tried immediately. A senior military source told *The Jerusalem Post* that from now on there will be a "sort of permanent campaign."

Soldiers questioned yesterday said they were not worried about the new regulations. Reservists said

they were not concerned as long as their reserve duty was not prolonged. One reservist, seen in sports shoes and a shirt flapping over his belt, shrugged when told of the development. He said his commander had sent him home to get his boots.

But one soldier said the move could increase soldiers' hostility towards the Military Police. "Civilian policemen look after people in trouble. The MPs seem to look for the deviant soldier. That is why they arouse so much antagonism," he said.

In another development, the IDF has begun sending offenders sentenced to up to six months' imprisonment to work outside the jails. The decision allows military courts to send traffic violators, soldiers guilty of negligence and other such offences to help invalids or work in maintenance rather than sit in a cell with criminals. They will live at home or in regular camps and go out to work, a military source said.

MKs asked to be in Knesset for Chirac visit

By ASHER WALLFISH
Post Knesset Correspondent

Knesset Clerk Shmuel Jacobson yesterday circulated all MKs, asking them to be present in the plenum chamber next Monday afternoon when French Prime Minister Jacques Chirac takes his seat in the VIP gallery.

Speaker Shlomo Hillel will extend a formal welcome to Chirac from the podium, as is customary for all visiting premiers. Chirac arrives on Sunday for a two-day official visit as the guest of Prime Minister Shamir.



Beduin women from the Negev village of Lagiya hold up the branches of olive trees uprooted by Israeli Lands Administration workers yesterday.

Gov't officials uproot Beduin olive grove

By ELAINE RUTH FLETCHER
Jerusalem Post Reporter

LAGIYA.—Some 500 police, Border Police and soldiers cordoned off the Beduin village of Lagiya yesterday as Israel Lands Administration workers uprooted 2,000 olive trees and ploughed up some 500 dunams of I.L.A. agricultural land claimed by the Beduin.

Major roads and desert tracks to the town were barricaded by police as the surprise operation was carried out between 7:30 and 11:30 a.m. There were no reported clashes or injuries.

Police stood by with tear gas, water cannon, four ambulances, buses and some 150 cars and jeeps. Hundreds of Beduin who rushed to Lagiya after hearing about the incident were stopped at roadblocks until the uprooting was completed.

Beduin men from Lagiya later reported that women and children had been locked inside their homes by soldiers during the operation. They said that police had also conducted a house to house search of five Beduin homes Tuesday night.

"When I arrived here, I thought maybe there is a war. I see all of the police in Israel are here," said one Beduin who rushed home after hearing about the incident on the news.

Olive trees and other crops were uprooted from land that is worked by about 30 families who are part of the al-Nassasrah clan. The families lost an appeal to the Supreme Court about six months ago to stop the destruction of the olive groves, which were planted five to six years ago and are just beginning to bear fruit.

The Lagiya families are still appealing a Beersheva District Court decision upholding the Ministry of

Interior order to demolish their homes as well. Another 50 dunams of olive groves are scheduled to be uprooted in Lagiya in several weeks unless the Beduin owner clears the land himself.

In one or two months' time, construction is due to begin to develop Lagiya as a formal, recognized Beduin township.

Authorities are apparently now determined to eliminate any Beduin settlements outside the planned town limits, and to ensure that the Beduin only work on agricultural lands leased by the I.L.A.

The al-Nassasrah's claim to some 550 dunams of land is apparently one of the largest made by Lagiya residents, who are scattered within a radius of a kilometre from the planned centre of the new town.

The clan says its claim to the area goes back to Beduin land deeds from 1905, which, like virtually all Beduin claims, were never entered in the Tabu land register.

Although negotiations were going on with the government for a settlement of the land claims, the Beduin said yesterday's action wiped out any chance of a compromise.

"My father gave this to me," said Ahmad Darwish al-Nassasrah, chief of the clan. "Until today we could have made a compromise. Now it's a matter of honour. I will stay. I will not move."

The I.L.A. however, said al-Nassasrah had not pressed his land claims through the proper government channels.

"If he would come to us and put in an application to lease land, we would give him land to work. But he doesn't want to do it. He says he owns the land and that's it," said the deputy director general of the I.L.A. Eli Babai.

Prosecution grills KGB-documents witness

By ERNIE MEYER
Jerusalem Post Reporter

Defence witness Abraham Shifrin completed his testimony yesterday after barely holding his own under fierce cross-examination by the prosecution. Defence counsel Yoram Sheftel in re-direct questioning could do little to repair the damage suffered by his witness. Shifrin himself was impelled to call a press conference after the session to explain why he had appeared as a witness for Demjanjuk.

In contrast to Tuesday's session, Shifrin answered questions in Russian rather than in Hebrew. Court president Dov Levin at one stage suggested that he go back to Hebrew to eliminate misunderstandings. But Shifrin stuck to Russian. Levin also found it necessary to warn the witness again and again not to digress. "Stick to the question, let me help you to help yourself."

Levin continued: "I understand that you suffered a lot, that's why I am treating you with kid gloves." Prosecutor Yona Blatman pressed Shifrin hard on the nature of the research centre he heads. "Why is your letterhead only in English



DEMJEANJUK ON TRIAL

and not also in Hebrew? Where is your office?"

Shifrin explained that his centre is short of funds and receives no government help. "The office is a room in my home."

"And you have 20 researchers working in that room?" asked Blatman, basing himself on what Shifrin had told the court.

Shifrin: "These are people who agreed to give their names; some are only infrequent contributors. I am the only full-time worker, since I am a pensioner." He added that some of these people had not been in touch with him since they gave their names to the institute in 1973.

Blatman: "Are you affiliated with any university?"

Shifrin: "No."

Blatman: "Do you have a law degree?"

Shifrin: "I completed studies at the Moscow Law Institute."

Blatman then wanted to know

how Shifrin could have been admitted to law school, since his father had served a sentence in labour camps and was thus an "enemy of the people." The answer to that question was not very clear, but it emerged that Shifrin began his studies under one name before the war and continued them under another after the war. He did not get a diploma in 1953 because he was arrested by the KGB.

Blatman: "But you told the U.S. Senate subcommittee in 1973 that you did receive your diploma in 1953?"

Shifrin: "I can explain that. I saw my diploma, but I did not actually get it because my arrest intervened."

Next Blatman dealt with the question of the witness's military rank.

"On your aliyah in October 1970 you said that in 1941 you were drafted into the Raminsky Brigade of the 217th Infantry Division and that you

were soon promoted to lieutenant. But earlier in your testimony you said that you had originally been in a penal battalion?"

Shifrin explained that the aliyah registry clerk must have made a mistake, probably due to the new immigrant's poor Hebrew.

Blatman: "How do you explain the fact that in earlier statements you never mentioned that you held the rank of captain?"

Shifrin: "I only got that rank after demobilization at the end of the war. Such promotions are automatic in the Red Army."

"But you told the U.S. Senate committee that you earned the rank of major on the battlefield in 1943?"

Shifrin: "I received the rank of major only after the war, when I was a criminal investigator in Krasnodar. Perhaps I was misunderstood by the Senate committee, since I spoke in English. In Russia a prosecutor wears a uniform and I had the big star of a major on my epaulets."

"But you told the Senate you were a major in 1943," said Blatman, pressing home his advantage.

Taking a different tack in his ef-

(Continued on Page 9)

Sharir backs death sentence for grave crimes, terrorism

Jerusalem Post Staff

Justice Minister Avraham Sharir believes Israel should introduce capital punishment, not only for terrorism but also in unusually grave cases involving minors and in first-degree murder.

"A person's nationality and religion are not relevant when it comes to grave crimes... [These] should be punished by death," he told crime reporters in Jerusalem yesterday. Sharir added that he would set up a special panel to examine whether the existing penal code had the desired deterrent effect.

The minister also said he expected the present Knesset to adopt a constitution for the country and to reach consensus on a law for human and civil rights.

Jeff Black adds:
Earlier this week, Foreign Minis-

ter Peres spoke out firmly against the introduction of the death penalty. He said it was impossible to define which types of murder warranted capital punishment and which did not.

Peres declared that there was no evidence to suggest that the death penalty would deter potential terrorists — if anything, the phenomenon of suicide car bombers suggested the opposite. He also said that the threat of capital punishment would serve to motivate terrorists caught in a gun battle with security forces to fight harder rather than surrender.

Finally, said Peres, the fate of IDF soldiers in captivity must be taken into consideration before Israel decides to introduce the death penalty.

In deep sorrow we announce the passing of our dear
ERNST MORITZ RYCHWALSKI
The funeral will take place at 11 a.m. today, Thursday, October 29, 1987 at the Holon Cemetery.
We meet at the gate.
Sisters: Hilda and Ernst Kohnstamm — London
Charlotte and Richard Gutman — New York
The family in Israel

The unveiling of the tombstone of the late
LEON KOIFMAN (Koffi)
will take place at 10:30 a.m. tomorrow, Friday, October 30, 1987, meeting at the New Gate, Holon Cemetery.
Artillery Veterans Comrades

We deeply mourn the passing of
Yael F. Frei
(née Rosenfeld)
The funeral has taken place.
Husband: E.H. Frei
Children: Leah S. Kolkowitz
Michael S. Frei
Sister: Edith Bentley
Grandchildren

Balfour Declaration displayed at Knesset

By GREER FAY CASHMAN
Jerusalem Post Reporter

Officially, the 70th anniversary of the Balfour Declaration falls next Monday, November 2. But the Israeli, British and the Commonwealth Association decided to preempt the actual date with a festive dinner at the Knesset, where the original missive, on loan from the British Library, was displayed under a double layer of glass.

The yellowed document, with its typed lines extending to the very edge of the right hand side of the page, was a source of great fascination to the scores of guests, many of whom knew its contents by heart.

President Chaim Herzog, refer-

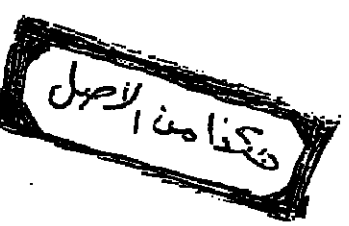
ring to the international legal implications of the document, underscored that the first recognition in modern history of the existence of the Jewish people is contained in the statement that the British Government "view with favour the establishment in Palestine of a national home for the Jewish people."

Herzog also noted the irony of the fact that though the Balfour Declaration paved the way for Jews to settle in Palestine, masses of Russian Jews eager to do just this, were cut off from the Jewish world by the Bolshevik Revolution. There is currently "a partial reversal," he said, in the coming to Israel from Russia "of dedicated Refuseniks."

The Israel Institute for Applied Social Research
We mourn the passing of our founder and Scientific Director
LOUIS GUTTMAN
The funeral will take place at 10 a.m., tomorrow, Friday, October 30, at the Sanhedria Funeral Parlour, proceeding to the Har Hamenuhot Cemetery, Givat Shaul, Jerusalem.
Institute Directorate and Staff

LOUIS GUTTMAN
will be laid to rest tomorrow, Friday, October 30, 1987.
The funeral will leave from the Sanhedria Funeral Parlour at 10 a.m. for the Har Hamenuhot cemetery, Givat Shaul, Jerusalem.
Shiva at the Guttman residence, 58 Nayot, Jerusalem.

Ruth Guttman
Adi and Rutie Gamon
Nurit and Bob Guttman-Kramek
Daphna Guttman
Julia Halpern



Egyptian leader hedges on military support for Kuwait

KAUWAIT (AP) — Egyptian President Hosni Mubarak on Wednesday affirmed his country's support for Kuwait but stopped short of saying whether he was prepared to send troops to defend the Gulf state against Iran.

On military support, Mubarak told a Kuwaiti editor, "I cannot discuss this in the press, because if I do I will be extending a great benefit to the enemy." "What I can say is that Kuwait is a very friendly country and an Arab and Islamic state and we are interested in seeing it preserve its independence and sovereignty," he told Ahmed Jarallah, editor and publisher of the newspaper *Al-Sayassah*.

Mubarak said he was "very much disturbed" when Iran fired Chinese-made Silkworm missiles at two oil tankers in Kuwaiti territorial waters. He even considered flying to Kuwait to meet with the emir, Sheikh Jaber al-Ahmed al-Sabah.

But he decided against going "in order to avoid possible embarrassment, especially with the Arab summit approaching," Mubarak said. "When danger threatens Kuwait, the picture becomes very gloomy and ugly and if the Arab nation is unable to evaluate this, it can be very dangerous," Mubarak said in the interview conducted in Cairo.

Egypt has the largest Arab armed forces and in 1960 sent troops to Kuwait under the Arab League flag to repulse an invasion threat by Iraqi President Abdel-Kerim Qasbi who claimed Kuwait as part of Iraq.

Egypt has been ostracized by the 22-nation Arab League since it signed its 1979 peace treaty with Israel. There have been calls for its reinstatement, as preparations continue for an emergency summit conference of the League member nations is to be convened next month in Jordan.

Top item on the agenda of the summit is the increasing threats from Iran to the Arab Countries of the oil-rich Gulf region as the Persian state refuses to end its 7-year-old war with Arab Iraq.

Mubarak on Tuesday sent a message to the Kuwaiti Defence Minister Sheikh Salem al-Sabah with an Egyptian parliamentary delegation, but its contents have not been divulged.

Reports that Egypt has already officially sent 70 air force pilots and support staff to Iran-threatened Kuwait were denied in Cairo earlier this week. Responding to a question as to whether Iran was able to open other fronts with Gulf Arab countries in addition to the front with Iraq, Mubarak said "Yes, it is very possible." He cited pro-Iran groups in Lebanon, which he said were receiving assistance from "certain" Arab countries which he did not name.

He said it was not necessary to have "Arab unity as some want," but that it would suffice to have a cohesive bond like that within the Organization of African Unity or the European Economic Community.



Lt. Col. Victor Raphael (left) argues with officers about troop movement during the August 28 coup attempt in Manila. (Reuters)

Controversial U.S. colonel on his way out in Manila

MANILA (AP) — A U.S. Army leader involved in a controversy about his ties with leaders of the August coup attempt is leaving the country, the U.S. Embassy announced yesterday.

An embassy statement said Lt. Col. Victor Raphael is departing for leave and temporary duty in the United States. "It said Raphael would leave this week but did not specify the day."

Last week, major Manila newspapers reported that Raphael had asked pro-government forces not to attack mutineers holed up at military headquarters at Camp Aguinaldo, despite attack orders from President Corason Aquino. The reports led to calls within the Philippine Congress for an investigation into alleged U.S. involvement in the Aug. 28 coup attempt, which left at least 53 dead and hundreds wounded.

Raphael was a friend of mutiny

leader Col. Gregorio "Gringo" Honasan and others in the reform armed forces movement, a clique of officers critical of both Mrs. Aquino and ousted President Ferdinand Marcos. Raphael was godfather of Honasan's youngest daughter.

U.S. officials said Raphael was due for reassignment in about eight months. In its statement, the embassy defended Raphael's performance. "This action is no reflection on Col. Raphael's performance while serving in the Philippines," the statement said. "On the contrary, he has compiled a distinguished record here. His actions have been legitimate and in the line of duty. The charges aired against him publicly are unfair and unwarranted."

Meanwhile, officials reported that Communist rebels are suspected of killing a police captain and the bodyguard of a suburban Manila mayor in separate attacks yesterday.

Nkomo's opposition party 'annihilated' in Zimbabwe

HARARE (AFP) — The political isolation of the official opposition party in Zimbabwe, Joshua Nkomo's Zapu, will be completed this week when the government's candidates for 10 vacant Senate seats are endorsed tomorrow.

The ruling party Zanu is putting forward six Africans and backing four whites, and it is generally expected the lower house will vote them in without any problem. That is what happened last week when Zanu's 20 candidates, including 11 whites, swept the board for as many seats in the assembly, leaving Zapu's seven candidates nowhere. The 14 Zapu (Zimbabwe African People's Union) MPs cried out angrily "RF, RF" (Rhodesian Front) as the white candidates were passed.

A bitter Nkomo commented that prime minister Robert Mugabe was preferring whites who had been in Ian Smith's Rhodesian Front to his

old partners in the pre-independence guerrilla war.

Two of the Zanu-sponsored whites, Chris Andersen and Andre Holland, were in the old Rhodesian cabinet. Mr. Andersen stayed on in the government at independence in 1980. Still the only white cabinet member, he is minister of state for public services. Mugabe paid him a handsome tribute at a press conference last week. The 30 seats in both chambers fell vacant with the lapse of a constitutional proviso whereby they were reserved for whites.

The government press treated the accusations of collusion with yesterday's enemy with disdain. However editorialists in the independent press made it only too clear that Zapu, already the target of police attentions these past few weeks, was now sidelined in the political game.

"Annihilation" was how the *Sunday Mail* dubbed its commentary on

the defeat of the Zapu candidates. It insisted Mr. Nkomo's party had been reduced to a marginal role and that negotiations for a Zanu-Zapu merger were deadlocked. The accent in official papers now is that the new "non-racial" parliament opens the way to an era of collaboration between the government and Zimbabwe's white community — a scenario in which Zapu's place is barely visible.

The politicians in power have changed their tone too: the talk is all of inviting Zapu members to join Zanu, rather than about merging the two parties. Last week Robert Mugabe called on Joshua Nkomo himself to take the step. "Zapu has to become Zanu," Nkomo said. In the past month or so Zapu offices countrywide have been closed by the authorities, its party and public meetings have been banned, and at least half a dozen leading officials have been detained for several days.

\$1 million ransom reportedly paid

South Korean freed in Beirut

BEIRUT (Reuters) — South Korean diplomat Do Chae Sung has been freed after a 21-month kidnap ordeal in Lebanon amid speculation that a million-dollar ransom secured his release.

Sources at Beirut airport said yesterday that the 44-year-old second secretary had flown out of the Lebanese capital, bound for home via Kuwait.

The whole operation took place very secretly and the South Korean hostage was driven right up to the steps of the plane for Kuwait on Tuesday," said one source.

Do's seizure on January 31, 1986 was claimed by a previously unknown group, Revolutionary Commando Cells, which demanded a

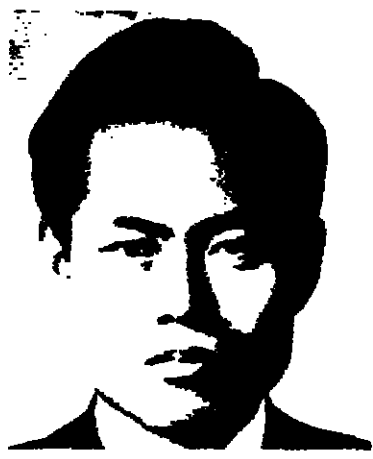
ransom of \$10 million for his freedom.

A Beirut television station, the Christian-run Lebanese Broadcasting Corporation, said on Tuesday \$1 million had been paid. There was no way of verifying the report.

At least 26 other foreigners are still missing, believed kidnapped in Lebanon, including nine Americans, seven Frenchmen, three Britons and three Iranians.

Several were abducted by militants trying to barter political concessions from western states.

Western diplomats in Lebanon say the Do kidnapping was puzzling. He was the only hostage from the Far East and there was no apparent political motive for his abduction.



Do Chae Sung (file photo Reuters)

Iran vows retaliation

Iraqi planes blast ships, oil targets

BAGHDAD (Reuters) — Iraq's warplanes ended a week-long lull in the Gulf war with raids on three ships and on major oil targets inside Iran, a military spokesman said yesterday.

Shipping sources in the Gulf said a tanker had been hit off the northern Iranian coast after midnight on Tuesday but they were unable to obtain more details.

The ships were a supertanker and two tankers or cargo ships, according to Iraq. Baghdad's last attack on a ship was on the Iranian tanker Khark-4 on October 21.

The bulletin said its jets blasted selected targets at an oil refinery north of Shiraz, leaving them in flames with thick columns of smoke billowing from them. A chemical factory east of Shiraz and sites at Iran's Bibi Hakima oil complex were dealt "devastating blows," Iraq said.

Teheran Radio said targets in the southern Fars and Khuzestan provinces were hit on Tuesday and yesterday, injuring civilians and causing some damage.

Meanwhile, Baghdad denied an Iranian claim to have downed an Iraqi aircraft raiding Lavan oil terminal off its Gulf coast.

Commenting on the raids, Teheran Radio said Iran would resume retaliation for them and warned Iraqis to move away from likely target areas.

Iraq's first deputy prime minister, Taha Yassin Ramadan, told the national news agency INA yesterday

before leaving for a brief visit to Bahrain that Baghdad was determined "to continue destroying Iran's economic installations until it succumbs to a comprehensive peace."

UN Secretary-General Javier Perez de Cuellar has asked Teheran and Baghdad to respond by the end of the month to proposals which aim to implement a July 20 UN Security Council call for a ceasefire in the seven-year-old Gulf war.

Soviet embassy sources in Baghdad, meanwhile, told Reuters that Soviet first deputy foreign minister Yuri Vorontsov was due in Baghdad later yesterday.

Vorontsov, who visited Iraq and Iran three months ago, is urging both sides to accept the UN resolution in its "polished shape," an Asian diplomat said.

Perez de Cuellar is reported to have proposed that an independent panel be set up to decide who started the war — a key Iranian demand — and a simultaneous ceasefire.

On the land front, Iraqi Defence Minister General Adnan Kheirullah on Tuesday inspected forward positions held by three army corps covering Iraq's entire southern area.

Such inspections by Kheirullah have in the past indicated Iran massing troops before an offensive, political sources say.

One source said that an unusual calm prevailing over the war front was probably "the calm before the storm."

Malaysia jails 63, bans rallies in crackdown on racial unrest

KUALA LUMPUR (Reuters) — Malaysia arrested 63 people including senior politicians and banned all rallies yesterday to curb racial tension and prevent a recurrence of bloody riots in which hundreds were killed in 1969.

In the biggest police clamp-down for over a decade, government anti-riot officers were arrested on Tuesday and yesterday under the country's internal security act, which allows detention without trial.

Tension between the ethnic Malay and Chinese communities was high as Prime Minister Datuk Seri Mahathir Mohamad announced rallies

were banned. "The government wants to maintain peace and stability. As home minister, I will ban all rallies," he told a hushed parliament.

The government also ordered three newspapers to stop publishing for security reasons.

Fears of another massacre increased when an armed man killed one person and injured two last week in a poor district of central Kuala Lumpur where the 1969 riots broke out.

Just over half of Malaysia's people are Malay, one third Chinese, 10 per cent Indian and the rest from other groups.

Identity revealed of Wall Street 'killer'

MIAMI (AP) — The man who gunned down two stockbrokers and killed himself on Monday after losing a fortune in Wall Street's crash, was a former Missouri lawyer who was convicted of insurance fraud eight years ago.

Arthur Kane, who shot the stockbrokers and himself in the head with a .357-calibre Magnum pistol in a Merrill Lynch brokerage, was actually Arthur Katz, a Kansas City lawyer convicted of insurance fraud in 1978, the Justice Department said.

A department spokesman said that despite a severe threat against

his life, Katz had testified in one of the trials.

Under federal protection, Katz was resettled with a new secret identity in 1979. Earlier he had pleaded guilty to conspiracy to commit mail fraud and was sentenced to six months in a minimum-security prison and fined \$5,000. He also was disabled.

In Miami, he used investments to build a fortune that included a \$430,000 home with a swimming pool and tennis court. With the crash, Kane lost as much as \$10 to \$15 million, police sources said.

Ministers minimize importance of November 5

Deadline nears for implementing peace pact in Central America

SAN JOSE, Costa Rica (Reuters) — Central American foreign ministers were winding up a two-day meeting here yesterday amid fading hopes of moving quickly toward implementation of an ambitious regional peace accord.

The accord, signed on August 7 in Guatemala, set a 90-day deadline for ceasefires to halt the violence that has turned Central America into a war zone.

Endorsed unanimously by the five Central American heads of state, the accord set the same November 5 target date for an end to all outside support of rebel groups, amnesty for insurgents who lay down their arms, and full press and political freedoms for unnamed opposition groups.

With the deadline less than 10 days away, however, it now appears the accord will be difficult, if not impossible, to implement within the established time frames.

But rather than admit their increasingly apparent failure, the diplomats gathered here have sought to minimize the importance of the November 5 deadline.

Instead they have insisted, as one senior Costa Rican official told reporters on Tuesday, that November 5 is "just the beginning of the process" — a time when key elements of the peace accord would "start being put into place" but not necessarily complied with. The official did not elaborate, but reliable sources said one of the main discussion items during the meeting on Tuesday concerned interpretation of the accord's

call for "simultaneity" in all steps toward peace.

The Costa Rican and other diplomats acknowledged that the peace plan is running far behind schedule. But they said it was too soon to judge the final success or failure of the plan and what one termed "the very delicate balances that we have been able to build."

"We need more time to give the plan a chance," the Costa Rican official said.

A so-called international committee of verification and follow-up, comprising 13 Latin American foreign ministers as well as the secretaries-general of the Organization of American States (OAS) and the UN, will begin meeting next month to monitor compliance with the Central American accord.

The committee's findings will be analyzed at a meeting of the five Central American presidents in early January when, according to the text of the peace plan, "pertinent decisions will be taken."

Barring any major breakthroughs before January, it appears likely the presidents will have to admit that the peace plan, which won a Nobel Peace Prize for Costa Rican President Oscar Arias, failed to achieve any of its ultimate objectives.

So far, the agreement has led to a limited political opening but no ceasefire or peace talks in Nicaragua. Leftist guerrillas in Guatemala and El Salvador have opened talks with the governments they are seeking to topple, but the talks have produced

no sign of an early truce.

Honduras, meanwhile, has taken no apparent steps to comply with the peace accord's call for the non-use of one country's territory to attack another.

Honduras is a haven for the U.S.-backed Nicaraguan rebels, known as Contras, fighting the Sandinista government.

Nicaragua's refusal to negotiate with the Contras, whom they regard as mere mercenaries, is considered a major obstacle to the Central American peace accord.

One diplomat said the Sandinistas were "immovable" in their decision not to meet the Contras, though their refusal to do so jeopardized the entire peace process.

"We'll talk to the chief Contra, President Reagan, but not to the rank and file or the hired personnel," Nicaraguan Foreign Minister Miguel D'Escoto told reporters.

Meanwhile the U.S. has condemned the assassination of Salvadoran human rights campaigner Herbert Ernesto Anaya but said his death did not represent a return to intensified political violence in El Salvador.

Gunmen shot and killed Anaya, president of the private Salvadoran human rights commission, on Monday and a commission official blamed death squads linked to the government.

State Department spokesman Charles Redman said responsibility for the shooting had not been determined.

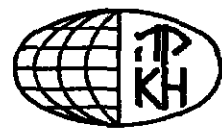
The 1946 Vespa, costing 80,000 lire (about \$60 at today's exchange rate) — less than half the price of Italy's cheapest car at that time — changed the lives of Italian city dwellers suffering postwar depression and austerity.

Its sprightly 98cc engine, which ran for 50km, on one litre of fuel, sped them through car-clogged cities and its chunky wheels cushioned them against the cobble streets.

Its inventor, Corradino D'Ascanio, who died six years ago, used to say he designed the scooter to please himself. "I designed it to be used by people, who like me have never been motorcycle riders," he said.

The scooter quickly caught on round the world. In developing countries it was the only affordable means of transport for many and was quickly adapted as a taxi and a van. In Europe it became a symbol of freewheeling youth.

Tura said killing off the Vespa was not an easy decision. "I think we have been very courageous," he added.



The Members of the World Board of Trustees, The World Chairman, The Director General and the entire staff of the

United Israel Appeal Keren Hayesod

Congratulate

Mr. Mendel Kaplan

Upon his election as Chairman of the Board of Governors of the Jewish Agency for Israel.

May his exemplary leadership inspire and benefit the Jewish Agency, as it has inspired the UIA-Keren Hayesod for the past four years, during which he served as Chairman of its World Board of Trustees.

Experts debate future role of the defence industries

Emphasis should be on exports

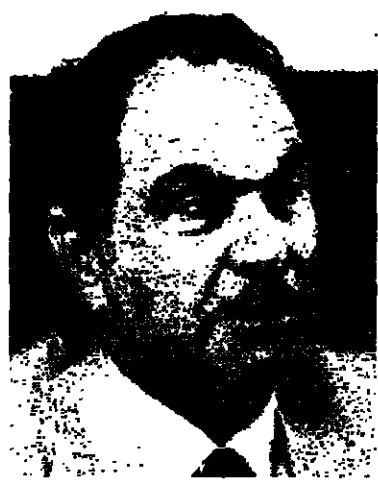
BY AVI TEMKIN

Some 14,000 engineers and technicians left the army and the defence industries during the last two years, but very few of them went to work for the civilian industries, and found other occupations, the Defence Ministry's director-general David Ivri said yesterday. He was speaking at the annual seminar of the Treasury's Budgets Department, which dealt with the future of the defence industries.

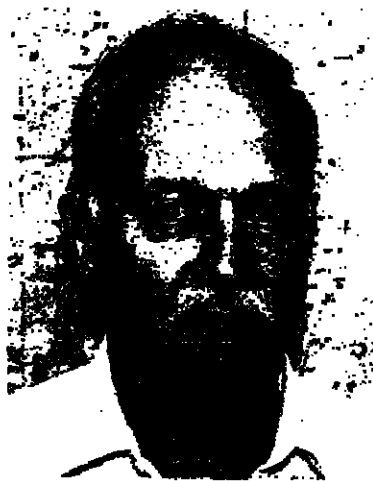
The seminar highlighted the ongoing debate among economists and decision makers on what the future course of the defence industries should be. Judging from the views expressed, the debate is taking place between those who see a more limited role for the defence industries, and those who see such contraction as a grave error for the national economy.

The basic issues behind the debate were the consequences for the economy of the policy of maximum independence from foreign supply of weapons on which Israel embarked in the Seventies. Those favouring a more modest role for the military industries asserted such policy must be revised.

Representing the first view was Professor Reuben Gronau, from the Hebrew University. He said the defence industries take too large a share of the R & D resources, leaving very little for civilian industries. In 1984, 55 per cent of all technicians and 60 per cent of all engineers were employed by the defence in-



Adi Amoral (Karen Benzion)



David Ivri

dustries. This meant that the bulk of research and development was performed by such industries. But while the rate between sales and R & D expenses was 3 to 1 in the military industries, in the civilian sector it was 10 to 1. A revision in the policy of self-sufficiency would lead to a contraction in the manpower and resources employed in the military industries, which would be absorbed relatively easily by the civilian sector, he said.

Gronau's views were echoed by Deputy Finance Minister Adi Amoral who said that in the future the defence industries will have to concentrate on small systems, or even to subcontract for foreign firms in the developments of parts and components of larger systems. Amoral said the days when the de-

fence industries had produced on a cost plus basis for the Defence Ministry were over. All of them should concentrate on exports and those industries still organized as units of the Defence Ministry should be transformed into commercial corporations standing on their own feet.

In the long run there will be no other way but to convert a large part of the technologies developed by them into civilian uses. Orders will not rise in the near future, he stressed.

Amoral said the defence industries were affected by the drop in orders from the Defence Ministry in recent years, the result of the cuts in the defence budget. But what affected them even more was the freezing of the exchange rate since July 1985. This eroded profits and reserves,

since costs had increased along with domestic inflation.

Ivri agreed that the frozen exchange rates had eroded profits to such an extent that the defence industries are forced to sign transactions at a loss, only to keep their share in the market. But in all other respects he strongly disagreed with Amoral. The defence industries exports last year totalled \$1.3 billion, compared to some \$850 million in 1983. They represented 60 per cent of all exports of metal and electronic goods, they employ 57,000 workers, of whom 30,000 were engaged in the production of goods for exports. Any contraction would jeopardize technical know-how and technological levels, he stressed.

Most of the transactions of the defence industries are in dollars, simply because it is very difficult to get into the European markets, he said. Ivri stressed that the cuts in domestic defence spending had affected the defence industries very much. The Defence Ministry reacted to the cuts by increasing its orders for American-made equipment, paid with the dollars from the military aid.

Ivri strongly disagreed with the view that it was possible to do without the production of large weapons systems. By making such a decision Israel would decide to be only a purchaser of military goods and technologies, and it would be very difficult for her to develop even small systems, since both activities support each other, he said.

Where crane operators are the real VIPs

PEKING (Reuters) - Whatever leadership changes are in store at the Chinese Communist Party Congress, Tong Junhua will remain one of Peking's top men. He's a crane driver.

From the air-conditioned cabin of his French-made crane towering up to 100 metres above Peking's biggest hole in the ground, Tong can see the Great Hall of the People.

Party chiefs may make the big political decisions but it's men like Tong who are changing the face of the capital.

Gone are the days when no-one could put up a building higher than the old Imperial Palace. Peking today looks like a giant building site. Almost everywhere you look when the fog lifts, there are cranes and their handwork of high-rise flats, hotels and offices.

Elevator manufacturers are doing a roaring trade as a city that used to be known for its flatness reaches for the sky to accommodate new millions and achieve a kind of prestige.

Tong, 26, has been driving and repairing cranes since he came to Peking from his native Sichuan (top leader Deng Xiaoping's home province) a year and a half ago.

"I've helped to build an international hotel, a communications building and a university research centre, but nothing like this," he said after scampering down the vertica ladder from his eyrie above Peking's world trade centre.

This \$380 m. project, owned 50-50 by Hong Kong and Chinese partners, and including hotels, shops, halls, offices and apartments, will be mainly for the convenience of foreigners.

Project officials are vague when asked whether ordinary Chinese will be allowed into the complex, or kept out by doormen - as happens already at the city's most prestigious hotels.

The flashy aspect of some building projects worries some conservative leaders. Politburo veteran Chen Yun in a speech a few years ago railed against Chinese who were too easily impressed by foreign things such as "skyscrapers and motorways."

Chen's voice hasn't prevailed. When North Korean President Kim Il-Sung visited Peking last May, city officials took him to admire a spaghetti junction of multi-lane roads surrounded by grey apartment towers.

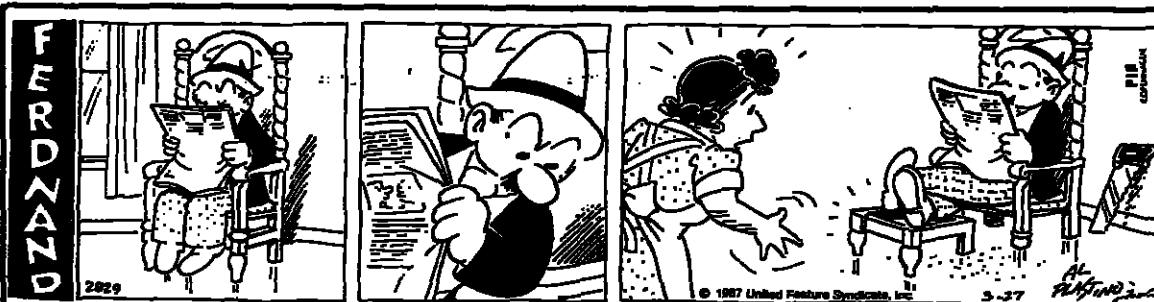
They told Kim they still had much to learn about town planning from

Pyeongyang which is well-known for its broad boulevards and is building what it says is the world's tallest hotel at more than 100 storeys.

Peking is bursting at the seams with more than 10 million people. China has almost doubled its population since the 1949 revolution, and liberalized movement controls have sent country people flocking to the big cities in search of a better life.

Despite all the building activity, an acute housing shortage remains in the capital, with resulting scope for corruption, much publicized in the press, by officials who grant themselves and their cronies extra spacious apartments.

But while party men fret about over-heating in the construction sector, the boom goes on - which is good news for Tong and his fellow crane drivers.



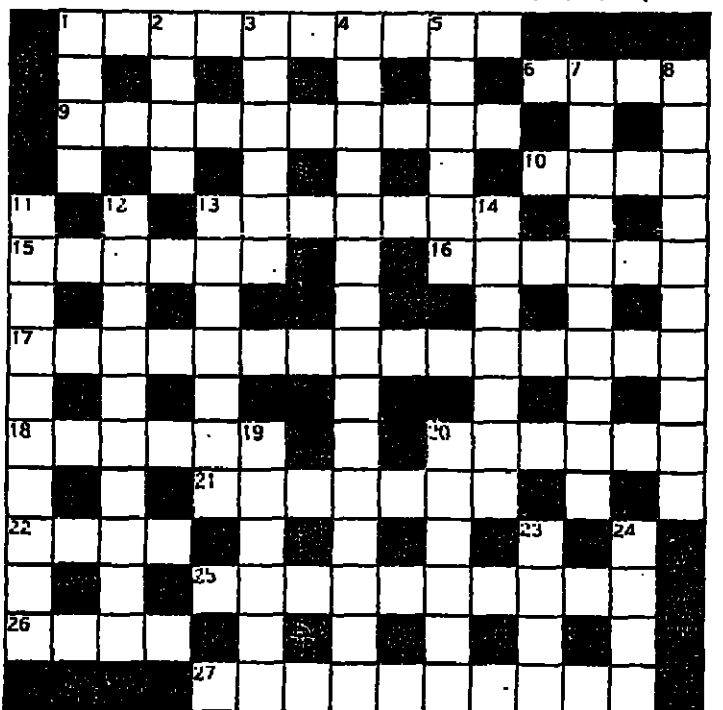
CROSSWORD

ACROSS

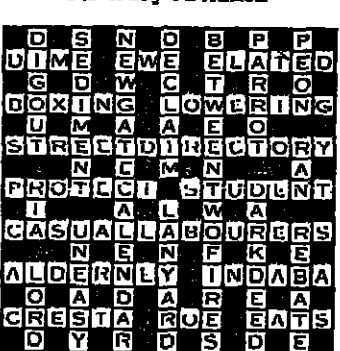
- 1 Egg-beater to help rice stirring (10)
- 6 In the middle of a motorway, driver's first (4)
- 9 He hopes to make peace without giving offence (10)
- 10 Time-signal from Seville (4)
- 13 Hoping endlessly for an analgesic (7)
- 15 Rat fit for racing (6)
- 16 Abandon pig amid noise (6)
- 17 But did its singers touch the audience? (3,7,5)
- 18 Part of nudism always depressing (6)
- 20 Word of advice to member - walk staidly! (6)

DOWN

- 1 Remove a drought in mood of anger (4)
- 2 Jammy, for instance, turned to get plunder (4)
- 3 Six planes appear often in this art form (6)
- 4 Playing a sly trick like a reckless batsman (7,1,4,3)



Yesterday's Solution



QUICK SOLUTION

ACROSS: 1 Brakes; 4 Fourth; 7 In-solvent; 9 Tend; 10 Arms; 11 Shout; 13 Karate; 14 Renown; 15 Dining; 17 Skunk; 19 Drape; 20 Girl; 22 Shop; 23 Completion; 24 Duh!; 25 Differ. DOWN: 1 Barok; 2 Kind; 3 Sonnet; 4 Favour; 5 Ulna; 6 Hanson; 7 Intricate; 8 Trenches; 11 Stand; 12 Taste; 16 Dogged; 18 Grappa; 17 Spread; 18 Super; 21 Toot; 22 Surf.

QUICK CROSSWORD

ACROSS

- 1 English netronomer (7)
- 5 US vice-president and financier (6)
- 8 Leaving (6)
- 9 Without cargo (7)
- 10 Breed of tiny dog (7)
- 12 Fish (3)
- 13 Delicate meat (6)
- 14 Brigid (6)
- 17 Reminder to actor (3)
- 18 Fast worship (9)
- 20 Flexible (7)
- 21 Flower (6)
- 22 Confilike sylvan dolly (5)
- 24 Having died out (7)

DOWN

- 1 Reasoning (5)
- 2 Greek letter (3)
- 3 Curled milk food (7)
- 4 Thugs (6)
- 5 Triangular mouth of river (6)
- 6 Midweek (6)
- 7 Undergrowth (7)
- 11 Wandering (9)
- 13 English novelist (7)
- 15 Tumblers (7)
- 16 Soul (6)
- 18 Daint (6)
- 19 Dispatch, send (5)
- 22 Confuse (3)

GENERAL ASSISTANCE

EMERGENCY PHARMACIES

Jerusalem: Kupat Holim Clalit, Romema, 523191; Balsam, Salah Edin, 222315; Shu'afat, Shu'afat Road, 810108; Dar Aldawa, Herod's Gate, 282058. Tel Aviv: Dizengoff, 132 Dizengoff, 223380; Kupat Holim Clalit, 7 Amsterdam, 223383. Haifa: Kfar Sava: Shual, A. Joffe, Ra'anana. Netanya: Hadassa, 24 Herzl, 22243. Knesset area: Medica, 1 Lehmann, Kiryat Yam, 753893. Haifa: Yavne, 33 Sderot Hanassi, 333312.

DUTY HOSPITALS

Jerusalem: Bikur Holim (pediatrics), Shura Zedek (internal, obstetrics), Hadassa Ein Kerem (surgery, orthopedics, ophthalmology, E.N.T.). Tel Aviv: Rotsch (pediatrics), Ichilov (internal, surgery). Netanya: Laniado.

FIRE 102

In emergencies dial 102. Otherwise, dial number of your local station as given in the front of the phone directory.

POLICE 100

Dial 100 in most parts of the country. In Tiberias dial 524444, Kiryat Shmona 4444.

FLIGHTS

24 - Hours Flight Information Service. Call 03-671348 (multi-line), Airviva Only (Taped Message) 03-381111 (20 lines).

FIRST AID 101

Magen David Adom. In emergencies dial 101 in most parts of the country. In addition:

Ashdod 51322 Jerusalem *523133 Ashdod 23333 Kiryat Shmona *94034 Beersheba 74767 Nahariya *82333 Carmiel *98955 Netanya *23333 Dan Region *781111 Patah Tikva *923111 Eilat 72533 Rehovot *461333 Hadera *22233 Rishon LeZion *4333 Safed 92032 Haifa *512233 Tel Aviv *546011 Hatzor 936333 Tiberias *790111 Holon *03133 * Mobile Intensive Care Unit (MICU) service in the area, around the clock. Eram - Emotional First Aid, Tel. Jerusalem 22171, Tel Aviv 546111 (children/youth 03-28113), Haifa 67222, Beersheba 418111, Netanya 35316. Rape Crisis Centre (24 hours), for help call Tel Aviv, 234818, Jerusalem - 248594, and Haifa 680111. The National Police Control Centre at Ramat Hashikma, phone (04) 52525, for emergency calls, 24 hours a day, for information in case of poisoning. Kupat Holim Information Centre Tel. 03-433500, 433500 Sunday-Thursday, 8 a.m. to 3 p.m. Friday 8 a.m. to 3 p.m.

THE TAX BURDEN/ Jeff Broide

Setting-off VAT on expenses

Value Added Tax on expenses (in Hebrew Mas Tsumot) is defined as the VAT levied on the sale or import of goods or on the provisions of services to a dealer for the purposes of the business or for use therein. An authorized dealer may deduct such VAT, which is included in the VAT invoice, or on the import or other documents, and such VAT may be set off against the VAT payable on income.

Generally speaking, the VAT paid on expenses may only be deducted after the authorized dealer has been properly registered. However, where a new business, practice or other enterprise is set up and expenses are incurred in the setting-up stages, the VAT authorities may permit the setoff of the VAT on expenses, even where the necessary documents are not made out in the name of the business.

In addition, it should be noted that Mas Tsumot may only be deducted where incurred in a transaction or dealing of a business nature or for business purposes. Where a particular transaction is a private one, then the VAT may certainly not be set off.

What Are The General Conditions For The Setoff of VAT Paid On Expenses?

VAT may be set off provided that the conditions indicated in the VAT Law are all met. These include the following: (A) the payment must be made by a dealer and not by a private person or non-profit-making institution and such like, and (B) the VAT is specifically indicated in the tax invoice which has been properly issued in accordance with the Law. Similar provisions apply to import documents. (C) The tax invoice must be issued in the name of the business or dealer who seeks to set off the VAT paid. However, in certain circumstances the VAT authorities may permit the setoff of the VAT paid even where the tax invoice is not in the name of the business, particularly in the case of expenses such as telephone, water, gas, electricity, etc. - this applies mainly to rented premises. And (D), as of the 1st of October 1986, the setoff of VAT must be made within six months of the issue of the particular tax invoice or import document. Thereafter, the authorized dealer may not set off the VAT. This stipulation does not apply to expenses incurred prior to October 1986 even if more than six months have elapsed since the issue of the particular tax invoice.

It should be noted that where the business or taxpayer does, in fact, set off the VAT despite the fact that six months have elapsed since the issue of the tax invoice, then the authorities will levy interest, linkage and fines on such amounts claimed. This will substantially affect the ultimate VAT payable.

Setoff of VAT Where The Payment Is Made By Cheques Which Were Subsequently Not Honoured

Where the taxpayer has sold merchandise and re-

ceived cheques in payment which were subsequently not honoured, he or she may not issue a credit note and thereby reduce the VAT by the amount paid on the original sale of the goods. (This is in the wake of a recent case before the Regional Court in Tel Aviv.)

However, if the transaction has been cancelled and the goods returned to the seller, then the seller may, in fact, reduce the turnover accordingly by issuing a credit note or by other suitable method and thus reduce the VAT payable. If the purchaser has already deducted the VAT on the goods, then he must reduce such amount deducted and adjust the relevant periodic VAT report accordingly.

Business In The Process Of Establishment

Generally speaking, provided that certain conditions are met, VAT incurred on assets or expenses during the setting up stage of the business may be deducted. Where immovable property such as shop, offices, clinic and such like have been acquired for the purpose of business activity therein, then such business may be suitably registered with VAT and the VAT paid on the property deducted accordingly. Where such property is acquired not for purely business purposes, then the VAT may not be deducted.

In the case of an apartment acquired for residential purposes and thereafter the owner changes the purpose of its use and decides to use it as an office or clinic, then, after suitable notification thereafter to the VAT authorities, the VAT paid on the purchase of such apartment may generally be deducted. (This is, of course, conditional on the applicant not living in the apartment.)

VAT incurred on equipment and machinery purchased or imported for the purpose of setting up the business may be set off as explained above. Where the equipment is acquired for mixed or other motives, the VAT authorities will examine the circumstances with the utmost care.

It should be stressed that the VAT on expenses incurred in setting up the business will be deductible only on those items that relate directly to the setting up of the business, and not to the routine, day-to-day running before the business was properly set up.

Motor Vehicles Under The VAT Regulations

What constitutes a private or commercial vehicle under the VAT regulations is governed by similar definitions to those of the Income Tax Ordinance. Generally speaking, VAT paid on the acquisition or purchase of a private vehicle, whether new or used, may not be set off for VAT purposes and this even where the vehicle is used solely for business purposes. Exempt from this ruling are businesses who deal in the purchase and sale of cars, driving schools and car rental businesses. It should be noted that as of June 1986 the VAT paid on private car rental is also not deductible.



WORLD BANK PUBLICATIONS IN AGRICULTURE

The Environment, Public Health and Human Ecology
James A. Lee
Provides guidance in the detection, identification, assessment, and measurement of environmental and related human ecological effects. It offers to a broad readership interested in public affairs an overview of the implications of economic development projects for natural resources, environmental systems, etc.
288 pages. NIS 27.50 BK-2911

Desertification in the Sahelian and Sudanian Zones of West Africa

This paper was undertaken in response to growing concern that not enough was being done to tackle the desertification problem in West Africa. It looks at strategies for increasing research on production systems, training staff and farmers, reducing the population through child spacing and resettlement, etc.
62 pages. NIS 9.20 BK-0897

The Efficient Use of Water in Irrigation

Provides a basic review and analysis of the principles governing soil-crop-water-climate relationships, irrigation and the efficient utilization of water in arid and semiarid regions.
107 pages. NIS 14.00 BK-0914

Issues of Efficiency and Interdependence in Water Resource Investments

Lessons from the Indus Basin of Pakistan
The report examines alternative policies for achieving more efficient resource utilization in the Indus Basin. The pervasive presence of physical interdependencies in water resource utilization tends to produce failure of efficiency in market allocation.
130 pages. NIS 14.75 WP-0665



Community Piped Water Supply Systems in Developing Countries

This document provides officials in developing countries with a manual that can assist in the planning of community piped water systems. Project preparation, identification, pre-feasibility studies, monitoring and technical planning are described.
249 pages. NIS 27.60 BK-0896

Agricultural Mechanization

Mechanization policy is defined here to include direct and indirect government interventions that affect decisions farmers and others make as they select power sources and the machines to be used with them.
85 pages. NIS 14.00 BK-0903

Sustainability Issues in Agricultural Development

These proceedings are the seventh in a series of records of Agriculture Symposia presented at the World Bank. This symposium examined sustainability issues in agriculture from three perspectives: institutional development, natural resources management, and desertification.
362 pages. NIS 37.00 BK-0909

Development of Rainfed Agriculture Under Arid and Semiarid Conditions

A critical subject area for about 70% of the world's farmers and a subject on which less has been accomplished in terms of achieving productivity gains in arid agriculture. This fact coupled with the recent droughts in Africa make the subject even more timely.
NIS 37.00 BK-0817

Agricultural Marketing Strategy and Pricing Policy

The book is divided into two parts: marketing and pricing policy. The treatment includes experiences in planning and managing markets in developing countries, emotional issues involving ideological differences in market organizations and the participation of farmers in marketing decisions.
132 pages. NIS 23.00 BK-0830

To: Books, The Jerusalem Post, POB 81 Jerusalem 91000.

Please send me the book(s) indicated below. I enclose a cheque for NIS.....

- ☐ The Environment, Public Health, and Human Ecology NIS 27.50
- ☐ Desertification in the Sahelian and Sudanian Zones of West Africa NIS 9.20
- ☐ The Efficient Use of Water in Irrigation NIS 14.00
- ☐ Issues of Efficiency and Interdependence in Water Resource Investments NIS 14.75
- ☐ Community Piped Water Supply Systems in Developing Countries NIS 27.60
- ☐ Agriculture Mechanization NIS 14.00
- ☐ Sustainability Issues in Agriculture Development NIS 37.00
- ☐ Agricultural Marketing Strategy and Pricing Policy NIS 23.00
- ☐ Development of Rainfed Agriculture under Arid and Semiarid Conditions NIS 37.00

Please send me a free catalogue of the World Bank publications.

Name _____

Address _____

City _____ Code _____

Tel. no. _____

Please allow 8 weeks delivery; all prices include VAT.

كذا هو الأمر

New currency rules

medical services abroad without the

counts.

According to the management's survey, no reduction in overall costs is expected in the short term because of compensation payments due to dismissed workers and Koor only expects to turn in a profit in 1989. The company plans in the near future to take part in the U.S. Defence Department's open tenders.

top marks (7.4) for its ability to influence people's behaviour, with journalists ranking a close second (7.3) as marketing managers lagged behind (5.9). On the issue of credibility, however, advertising employees scored last (4.6), behind journalists (4.7) and marketing managers (4.9). The advertising industry also

Discount (Oct. 9)	50-384
	1,000-8,980
	10,000-49,980
	50,000-99,980
	100,000-
	49-1,000
Microhi (Sept. 20)	1,001-2,500
	2,501-5,000
	5,001-10,000
	10,001-50,000
	50,000-
First Intl (Oct. 4)	50-899
	1,000-4,999
	5,000-9,999
	10,000-49,999

Pachak	7 days	14 days	30 days
	7 00	8 00	10 50
12 25	12 00	13 00	15 50
12 50	13 00	14 00	16 25
12 75	13 25	14 25	16 50
13 00	13 50	14 50	16 50
6 00	6 00	6 50	6 75
11 00	11 00	11 50	12 50
11 50	12 50	12 00	13 00
12 00	12 00	12 50	13 50
6 00	7 00	8 00	10 00

	5,000+	13.00	13.50	14.00	15.00
*NS 2,000-4,000	*4.01-15.00				
Patih (foreign currency deposit rates, (Oct. 28))					
Currency (min. deposit)	3 MONTHS	6 MONTHS	12 MONTHS		
U.S. dollar (\$10,000)	6.875	6.875	7.875		
Puerto Rican (\$100,000)	7.525	7.525	7.750		
Deutschmark (DM 200,000)	3.500	3.625	3.750		
Swiss franc (SF 200,000)	3.250	3.125	3.125		
Yen (10 million yen)	3.375	3.250	3.500		

BANK OF AMERICA BANK (CUMM). Rates were according to state of deposit.

SOURCE: BANK LEUMI. Rates vary according to size of deposit					
Shekel Foreign Exchange Rates (Oct. 28)					
	CURRENCES AND TRANSFERS		BANKNOTES		Rep. Rates
	Buy	Sell	Buy	Sell	
Currency basket	1.8760	1.6906	—	—	1.6847
U.S. dollar	1.5712	1.2580	1.54	1.61	1.5810
Deutchmark	0.8873	0.9008	0.88	0.92	0.9012
Pound sterling	2.6891	2.7327	2.63	2.75	2.7019
French franc	0.2014	0.2708	0.26	0.27	0.2591
Japanese yen (100)	1.1291	1.1432	1.10	1.16	1.1250
Dutch florin	0.7968	0.8067	0.78	0.82	0.8007
Swiss franc	1.0596	1.1032	1.07	1.12	1.0945
Scandinavia	2.2923	2.2559	2.25	2.25	2.2535
Norwegian krona	0.2413	0.2343	0.24	0.25	0.2476
Danish krone	0.2231	0.2260	0.23	0.24	0.2250
Finland mark	2.6894	0.7738	2.38	3.36	2.6894
Canadian dollar	1.1903	1.2052	1.17	1.22	1.1995
Australian dollar	1.0991	1.1128	1.05	1.16	1.1079
S. African rand	0.7372	0.7623	0.60	0.60	0.7800
Belgian franc	0.4292	0.4343	0.42	0.44	0.4304
Austrian schilling (10)	1.2714	1.2673	1.25	1.30	1.2460
Italian lire (1000)	1.2586	1.2541	1.26	1.21	1.2646
Jordanian dinar	—	—	—	—	0.4509
Egyptian pound	—	—	0.64	0.71	0.5723
ECU	1.9577	1.9838	1.93	1.97	1.9773
Irish punt	2.2995	2.4512	2.34	2.48	2.4041
Spanish peseta (100)	1.3719	1.2890	1.33	1.42	1.3820

Also, of course, Lawson must bear in mind that the new 250,000 £100 notes will be

A spokeswoman for the hotel said that all the government ministers had been invited, and the only one with whom the date had been coordinated was the Prime Minister. The hotel's South American owners and the Hyatt's chief executive officers in Chicago were also consulted and the date had been suitable for all of them.

NUJUK ON TRIAL

Holocaust survivors and Soviet immigrants this would arouse." he said. "I have no desire to protect Demjanjuk, I don't know whether he is guilty or not. But I do want to expose today's fascism. I'm against the USSR, which persecutes Jews, like Hitler.

"No, that's a lie. All they paid was my telephone bills to the U.S. and Canada, about NIS 380. I declined a fee by the defence and was only compensated for actual expenses and for my research," Shifrin said.

Textiles	102.09	-0.75%
Metals	104.00	-0.54%
Electronics	85.78	-3.55%
Chemicals	124.59	+0.80%
Industrial invest.	141.80	+1.50%
Investment Cos.	134.84	+0.75%
Oil Exploration	94.63	-2.11%
Pacific List	70.41	-0.58%

Non-arrangement	NIS 15,322.8
Arrangement	NIS 3,627.2
Bonds	NIS 14,020.2
Treasury Bills	NIS 9,587.4

Index-linked:	Stable/mixed to 1%
3% fully linked	Mixed to 0.5%
4.25% fully linked	Stable/falls to 1%
80% linked	Stable/rises to 3%
Double linked:	Falls to 1.5%
Rimon	Mixed to 1%
Gilboa	Slightly mixed
FC denominated	

Mizrachi R.	11.84%
Hapoelim R.	11.84%
General A.	12.30%
Leumi Stock	11.73%
Fin. Trade 1	11.34%

A	+2.50%	2769	24.2	P.C.
S	+2.75%	64967	35.7	-1.70
1	+3.00%	667	38.8	P.C.
3	+1.75%	14287	15.5	-2.00
2	+2.00%	871	10.7	-1.80
4	+2.50%	3822	24.3	-1.70

A +1.50%	2198	49.9	-1.50%
D +2.00%	1142	39.2	N.C.

Foreign Currency Crossrates (London 15:30 GMT)			
Forward rates	Spot	3 months	6 months
Pound sterling	1.7105/15	55/50	96/91

Norwegian krone	6.5125/75	1015/1055	2000/2060
Danish krone	6.7225/75	300/370	650/750

NEW YORK FINANCIAL MARKETS (Oct. 28)

Latest	1.7350/65	1.4295/15	1.7250/60	138.30/40	1.3180/85
High	1.7545	1.4455	1.7295	139.40	1.3200
Low	1.7295	1.4255	1.7005	138 00	1.3163

the dollar fell to 1.60 marks. The remark undercut support which the dollar had obtained from a concerted round of Central Bank intervention.

Market Indices		NYSE Highest Volume	
DJ Industrials	1,846.82 +0.33	DPL Inc	23 3/4
DJ Transport	885.59 -3.56	ATL	28 1/2
DJ Utility	178.28 +0.17	Phil Elec	18 1/4

NYSE Indx	104.19	+0.20	Strategic Corp	11.00	1 1/4
NASD Comp	281.90	-4.44	Chase Man	26.00	26 3/4
S-P 100 index	231.71	+0.24			55

NYSE	VOLUME	281,537,120	NASDAQ	VOLUME	187,200,000
Stocks up	477		Stocks up	...	
Stocks down	952		Stocks down	...	

The Dow Jones Industrial average moved within a trading range of nearly 100 points, with the market's closing at 11,677, but declines in steel and autos led advances by a

NYSE/Amex	Last	Prev. close	High	Low
-----------	------	----------------	------	-----

Carnel Cont	5 7/8	5 3/4	5 7/8	--
Elastic	7 1/2	1	1 1/4	1
Ex. Demand	5 3/8	5 7/8	5 3/8	5 3/8

Ampel	5 1/2	8	100 Bank	-	57
Aryt	3 1/2	4 1/2	IIS	2 1/2	2
Bank Leumi	24	25	Interpharm	-	2
Biotech Gen.	4	4 1/2	Optrotech	6 1/2	8

Elj Tel.	3 3/4	3 3/4	3 3/4	Schwa	2 3/4	2 3/4
Elron	3 3/4	3	3 1/2	Taro Vit	-	1
Fibronics	2 1/2	2 3/4	2 1/2	Tevapharm	-	6

OVERSEAS FINANCIAL DATA
 REQUIRED BY FINANCIAL STATEMENTS

Ari Rath
Editor and
Managing Director

THE JERUSALEM
POST

Erwin Frenkel
Editor

Eli Noy General Manager
Shalom Weiss Treasurer
Avraham Levin Advertising Manager
Yosef Horn Press Manager
Ray Lewis Circulation Manager
Daphne Raz Manager, North America

David Landau Associate Managing Editor
David Gross Associate Managing Editor
Yaakov Reuel Editorial Editor
Shalom Cohen Op-Ed Editor
Hanan Sher Supplements Editor
Joanna Yehiel Magazine and Feature Editor

Founded in 1932 by GERSHON AGRON, who was Editor until 1955. Editor 1955-1974 TED LURIE. Editor 1974-1975 LEA BEN DOR. EDITORIAL OFFICES AND ADMINISTRATION The Jerusalem Post Building, Remont, Jerusalem P.O. Box 51 (91000) Telephone 551616, Telex 26121, Fax 551636. TEL AVIV 9 Rehov Carlebach, P.O. Box 20126 (61201) Telephone 294222, 298231-6 (six lines) Fax 203528. HAIFA 16 Rehov Nordau, Hadar Hacarmel, P.O. Box 4810 (31047) Telephone 645444 Fax 645446. Published daily, except Saturday, in Jerusalem, Israel by The Jerusalem Post Ltd. Printed by The Jerusalem Post Press in Jerusalem. Registered at the G.P.O. © The Jerusalem Post 1987. Reproduction, or storage in a retrieval system, or any other form, is prohibited without permission.

Straight from the oven

THE UPROOTING by the state authorities yesterday of thousands of olive trees said to have been illegally planted on state lands by Negev Beduin was, if nothing else, a painful reminder of the growing acuity of the Arab problem in Israel.

The founding fathers naively assumed that the problem would solve itself, in time. In time members of the Arab minority would learn to accept the Jewish state they had hoped to extirpate, as an ineradicable fact of life. Peace-seekers among the local Arabs would be encouraged by inexorable progress from armistice to peace with the neighbouring Arab states. The assurance to the Arabs of a complete equality of rights, as pledged in the Declaration of Independence, would generate loyalty to the state.

If all else failed, active state control and coercive police measures would secure Arab compliance with the rules and laws of the Israeli order.

It has not worked out quite that way. The denial to the Arabs of the host of benefits due under the Law of Return, which applies to Jews only, and under arrangements that supposedly derive from that law, has come to be viewed by them as constituting a deliberate pattern of discrimination. The exemption from military service granted to most Arabs has, on the other hand, been taken by them as a self-evident right, while to more than a few Jews it has become proof of the Arabs' alien fidelities.

Arab integration into the Israeli body politic may for all that have made steady progress, were it not for the triumph of Israeli arms in the Six Day War and the occupation of Judea, Samaria and Gaza and the gradual obliteration of the Green Line. Under occupation, the Arabs in the territories have come to consider themselves more than ever as Palestinians; this in turn has had an inevitable impact on the self identification of the Arab minority inside Israel.

The implications of these developments for public policy are plainly awesome, and it is only natural that the Office of Arab Affairs in the Prime Minister's Office should concern itself with them.

A report including policy recommendations on the subject has for some time now been under preparation by Amos Glibo, an ex-army intelligence officer who became a senior aide to Moshe Arens when the latter was in charge of the Arab Affairs Office. When the report is finalized, it will presumably be submitted to the cabinet for approval. It will then be subject to the challenge of political debate.

For the moment the report exists only in draft form. Yet the contents of the draft, or drafts, have already been leaked to the press. They suggest a programme for stemming the Palestinianization and boosting the integration of Israel Arabs by methods that are in part redolent of the old imperial strategy of divide-and-rule.

Mr. Arens, now an ex-minister, says he cannot recognize the drafts he read from this week's newspaper stories. He is unaware, for example, Mr. Arens insists, of any plan to limit the number of Arab political parties. But leaders of the Arab community are already up in arms. There would have been no need, they protest, to call, say, for the dissolution of the separatist national committee of Arab local councils, had these councils been receiving the same government support as the Jewish councils.

Before the debate heats up any further, it may be legitimate to ask whether the Israeli practice of conducting *in camera* deliberations out in the open has not got out of hand. The cabinet, it is true, has set the trend: its supposedly closed meetings, except those classified as sessions of the ministerial defence committee, might just as well be held with reporters present. But when a government office's internal studies are also considered fit material for leaking, it makes a mockery of their very purpose, namely to examine and probe in a manner insulated from the political pressures that derive from exposure to interest groups.

Politics is, as so often said, the art of the possible. But somewhere in the process of policy formulation there must be freedom from the restraints of the possible, freedom to think freely and rationally and even outrageously. Where all is made public such freedom is extinguished. All thought is then reduced from reasoning to positioning. Positioning may be the fare of politicians, but governance needs something more.

Schools for crime

THE COUNTRY'S Prisons Service is due to receive its third Prisons Commissioner in three years. His name is Levi Shaul, he is a veteran police officer, and all should wish him lots of luck. Without lots of luck, he is almost certain to fail just as his immediate predecessors did.

The police minister, Haim Bar-Lev, held a press conference yesterday in which he sought to explain away the resignation of Prisons Commissioner David Maimon, the tough army officer who less than a year ago had succeeded Rafi Sussa, an eager prison reformer with strange ideas about ethical behaviour. Mr. Bar-Lev insisted that the prisons system was not crumbling under the weight of insoluble problems, only coping with mighty challenges. He must have been kidding.

It has long been contended that Israeli prisons are not so much reformatories for failed citizens as schools for crime, that they do not cure jailed Arab terrorists of their addiction to violence but spur them on to worse outrages.

The present desperate situation in the country's inhumanly overcrowded prisons, which is only partly highlighted by the spate of escapes by terrorists in Gaza, is not of Mr. Bar-Lev's doing. The former IDF chief of staff is the unfortunate heir to an unmanageable system produced by years of official indifference and neglect. But it is pointless, and counter-productive, for the minister to pretend that the Prisons Service is not a shambles, and that most everything that currently ails it could be set right with just a goodly bit of goodwill.

The outgoing commissioner stepped down because, so it is believed, he was simply fed up, and with good reason. If the Augean Stables that are the Prisons Service are not properly swept clean, and without delay, the result, as MK Mordechai Virshubsky has rightly warned, will be that the new commissioner will not be able to carry out his duties, and he too will have to resign in a few months.

Israel's Best
Seller...

Come Visit
The Shrine
of the Book

Why the Wall Street crash is good for Shamir

Robert Rosenberg

PRIME MINISTER Yitzhak Shamir is probably delighted by the Wall Street crash, which, more than anything else, has redefined the Reagan administration as a lame duck.

A lame duck Reagan administration, which anyway has never been impressed by the Middle East peace process, is in no position for tough bargaining with the Soviets about anything, let alone regional issues such as Afghanistan, the Persian Gulf, or our own Middle East.

Ever since *glasnost* became a challenge to international diplomacy — and the first Russian word in American households since Sputnik — Shimon Peres has been arguing that it created the first opportunity in decades for some kind of positive Soviet contribution to the peace process.

Ideological Washington was never enthralled by that view, and by adopting a diplomatic profile so low as to be barely visible on the Middle Eastern horizon, the U.S. essentially took Shamir's side in the debate over the future of the peace process.

But in late summer, when the breakthrough was reached between the superpowers on the global issue of nuclear forces, official Washington began to consider seriously making progress with Moscow on other issues.

According to the deliberately leaked reports that appeared in the press in the days following Secretary of State George Shultz's visit here, he managed to convince Shamir that it would be all right for the Americans to investigate Soviet attitudes to a superpower-hosted conference while in Moscow preparing for the projected Reagan-Gorbachev summit in the U.S.

Shamir's gamble was that the Soviets would turn down Shultz's conditions for Soviet participation in the peace process. But it was a calculated gamble.

After all, Gorbachev's Kremlin has become a wild card in the poker game, with *glasnost*, whether sincere or a public relations ploy, creating the kind of internal Soviet debate that is almost daily resulting in reversals of traditional Kremlin policy.

THE WALL STREET collapse occurred during those few days Shultz was in Moscow. He arrived a confident representative of a booming American economy that could afford Star Wars, able to ante up with

stakes that Gorbachev can only dream about. He left with none of the agreements he perhaps thought were sewn up before he even arrived there.

No date was set for a summit; no initials went on any INF draft accord; no pressure was exerted on human rights issues, or on Soviet involvement in Central America, or on Afghanistan. The working committee on the Arab-Israeli conflict bogged down in one overnight session that went nowhere.

Luck was on Shamir's side. Peres's people are already beginning to argue that the stalled negotiations between Washington and Moscow does not necessarily mean an end to the peace process. That may or may not be true. A lame-duck Washington certainly cannot combine encouragement for Gorbachev with arm-twisting over human rights. But neither can Israel afford, under Shamir's leadership, to sit back passively.

Next week, King Hussein will be demonstrating that he is currently the most important figure in the Arab world, able to put together a long-delayed Arab summit in Amman.

Hussein was counting on a successful meeting in Moscow that he

Dry Bones



could point to at the summit and say, "The superpowers are with me." Now, he'll be on the defensive, as the hardliners like Syria, and the inherently weak and fearful like Saudi Arabia, challenge Amman's reliance on the U.S. to bring Israel

to negotiations. And as on the eve of Yom Kippur 1973, Jerusalem believes in a *sabbat* quo that will go on forever.

The writer is a member of the Jerusalem Post's editorial staff

Preserving Israel's liquid assets

D'vora Ben Shaul

IF THERE were any real intent to do anything about the waste of this, our most liquid asset, then we would be seeing a totally different type of broadcast. We might see someone explaining that the purchase of a water-saving shower head will guarantee more pressure for about half the amount of water used. This also represents a saving in hot-water usage and will pay for itself in a few weeks. We might see an explanation of the fact that by installing a water-saving flush tank, you save 10 litres of water each time you flush the toilet, not a small saving in the family with several children. Or, again, a talk about not watering lawns and gardens during the heat of the day

and, incidentally, an example being set by municipalities and local councils.

But the programme I'd really like to see is one that I'm quite sure I never shall. That would be a government-employed agricultural expert explaining that we are going to drastically cut back on cotton farming and are lowering the water allotments in many other branches of agriculture. Because it is faulty utilization of our water resources in agriculture and in industry that is the real cause for worry. Not only does cotton utterly destroy the soil where it is grown, and contribute more than any other crop to the amount of dangerous airborne pollutants, but it is also the biggest water exploiter of all. Of course, in all fairness, cotton is also the best cash crop and as such is much sought

after. It is also a touchy political issue, since the kibbutzim are the biggest cotton growers, and the government that tackles them will be a hero or a villain. But in the end, dollars notwithstanding, we cannot afford this crop. We can make dollars in other ways, but no one can lend or sell us water if the well runs dry.

NOW, THIS moment, while there's water in the lake and the wells are still pumping (the ones that haven't been closed due to pollution) is the time for a total re-evaluation of our water resources. A study is under way that will consider every aspect of water management from production to end use. Now is the time to imagine new policies and to look at new ideas rather than paying further tribute to a set of outworn ideas and paying mere lip service to the entire idea of water conservation.

If this year is one blessed with rain, then we will have won a further reprieve; if not, then by next summer we will again be asking why no one is doing anything. But now is the time to ask.

The writer is a member of the Jerusalem Post staff

READERS' LETTERS

THREAT TO ISRAEL

To the Editor of The Jerusalem Post
Sir, — After reading the recent story about the ultra-Orthodox forcing the Hyatt Hotel in Jerusalem to change its locks, in the name of *kashrut*, one is inclined to believe that a small band of crazies is holding the entire State of Israel in its power. It appears incredible, maddening and frightening that those people should be able to impose their whims on the majority of the people of Israel. When will the people of Israel finally wake up and find the political will to stop this nonsense? The ultra-Orthodox seem to be as much of a threat to the proper functioning of Israel as the hostile Arabs. A true coalition between Likud and Labour should make it possible to counter and eliminate their threat and to confine the ultra-Orthodox to the *heder* and to the *shul*, where they belong.

And if there were such a meeting of minds between Likud and Labour and if they would no longer pander to the votes of these people, it would also be possible to make them perform their national duty — if not in military service, then at least for an equivalent period on road construction, hospital work and other public and national projects.

GERALDO JOFFE
San Francisco.

FUGITIVE NAZI

To the Editor of The Jerusalem Post
Sir, — According to your report of October 16, our foreign ministry lauds Costa Rica's "bravery and moral principles."

This Central American "paragon of democracy" to quote Foreign Minister Shimon Peres, also happens to be a haven for fugitive Nazi war criminals. Bohdan Kozy, for example, found tranquil refuge in Costa Rica in 1985 after a U.S. court stripped him of his American citizenship on the basis of eye-witness testimony which described Kozy's participation in the World War II murder of Jewish children in his native Ukraine.

Although only Israel and the USSR have the legal jurisdiction to bring Kozy to justice, Israel has steadfastly ignored him and Costa Rica has steadfastly refused to surrender him to the Soviets.

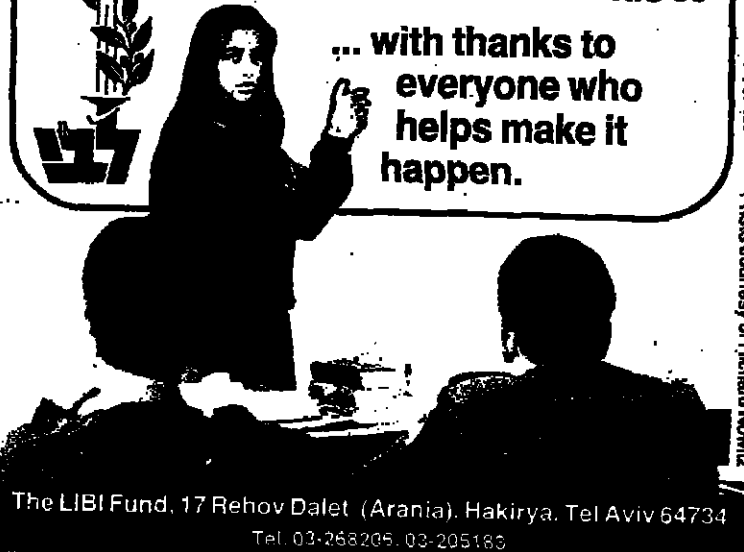
The stain on Costa Rica's reputation for harbouring the likes of Kozy cannot be removed by this year's award of the Nobel Peace Prize to that country's president. Israel only enhances its well-deserved reputation for cowardice, hypocrisy and amorality in its dealings with Nazis as long as it so ignobly continues to kowtow to those who harbour war criminals.

PAUL KORDA
Mevaseret Zion.

LIBI - The Fund for Strengthening Israel's Defence

MEET THE CHALLENGE, MAKE IT HAPPEN!

- This Week**
- ★ Largest Contribution**
Bank Leumi Directorate from their 1986 salaries **NIS 5,350**
- ★ Most Heartwarming Contribution**
To Bar Mitzva grandson, Ido Astorgo. "The security of the State is your security." From grandparents Malka and Yehoshua Katzenberg **NIS 360**
- ★ Youngest Contributor**
On her 9th birthday, Gaila Taube of Holon contributed **NIS 50**



... with thanks to everyone who helps make it happen.

The LIBI Fund, 17 Rehov Dalet (Aranya), Hakirya, Tel Aviv 64734
Tel. 03-268205, 03-205163

Germany —

for Spa Holidays

Germany is blessed with hundreds of Spas where the tired and the ailing, the old and the young can replenish used up energy. Here you can "recharge your batteries". Here you also find a perfect combination of gracious living, health-giving facilities and nonstop amusement and activities that appeal to everyone. Germany is Europe at its best. For information contact your IATA Travel Agent or the German National Tourist Office, Sunday-Thursday 09.00-13.00 hrs.

DZT

GERMAN NATIONAL TOURIST OFFICE

Represented in Israel by Lufthansa Tel Aviv, 1, Ben Yehuda Rd., Tel. 03-653045